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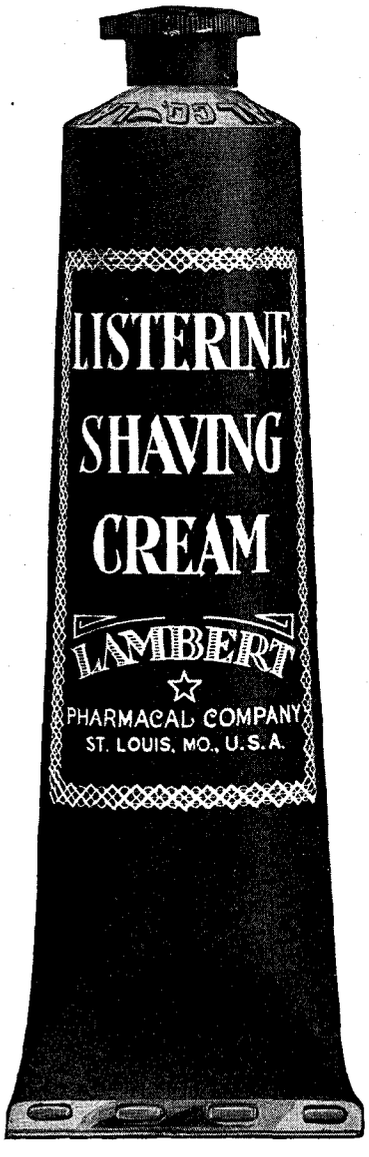

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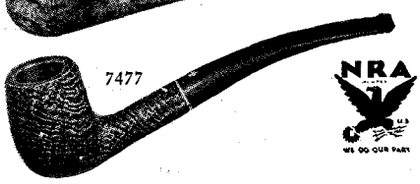

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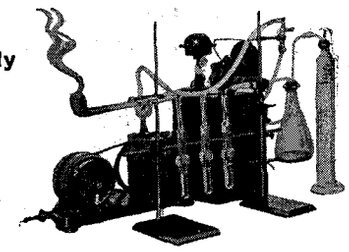

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TRAVELING WITH THE NEWS

ENGLAND

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"The Shakespeare Country"—particularly Stratford-on-Avon will take its annual toll of tourist traffic. The Memorial performances by competent theatrical companies throughout part of the summer is a legitimate bid that cannot well be ignored. It is difficult to conceive that it is only a couple of hours or so out from London. If one is running down to London from Liverpool, for example, why not take the "Local"—or a charabanc, or a bus line—and make Old Chester, Warwick, Kennilworth, Leamington, Oxford and Windsor, all on the same run? . . .

By a fortunate mischance, I first entered Stratford-on-Avon after nightfall. There is something about the candlelight of day that robs the more brutal facts of life and modernity of their harsh truth, clothing them with just enough poetry to make them the intimate of our most daring fancies.

The railway station at Stratford is quite removed from the town. When we alighted from the train, the only visitors, I peered out of the doorway into the twilight like a small boy gazing down into the pit of the 'Old Vic' for the first time in the hope of catching a glimpse of I don't know what. And there it was. A very antiquated bus with a veritable Dogberry for driver. He jumped into his rig and lit the stub of a candle in a tiny lamp, helped us in with our luggage and off we rode rattling down the winding street of a little English town dimly lighted by quaint gas lamps bracketed against the sides of the half-timbered houses. Next thing we were drawing up before "The Shakespeare," and Dogberry was helping us out with our luggage that a shilling-thirsty porter was gathering up.

When we emerged from the fine old Tudor half-timbered hotel after dinner a summer moon was glistening over all Stratford with a sickly pallor that served our purpose well. We strolled down the crooked street in Will Shakespeare's footsteps toward the Grammar School he is reputed to have attended, passing on our way the Harvard House. Here was born the Rev. John Harvard, who went to

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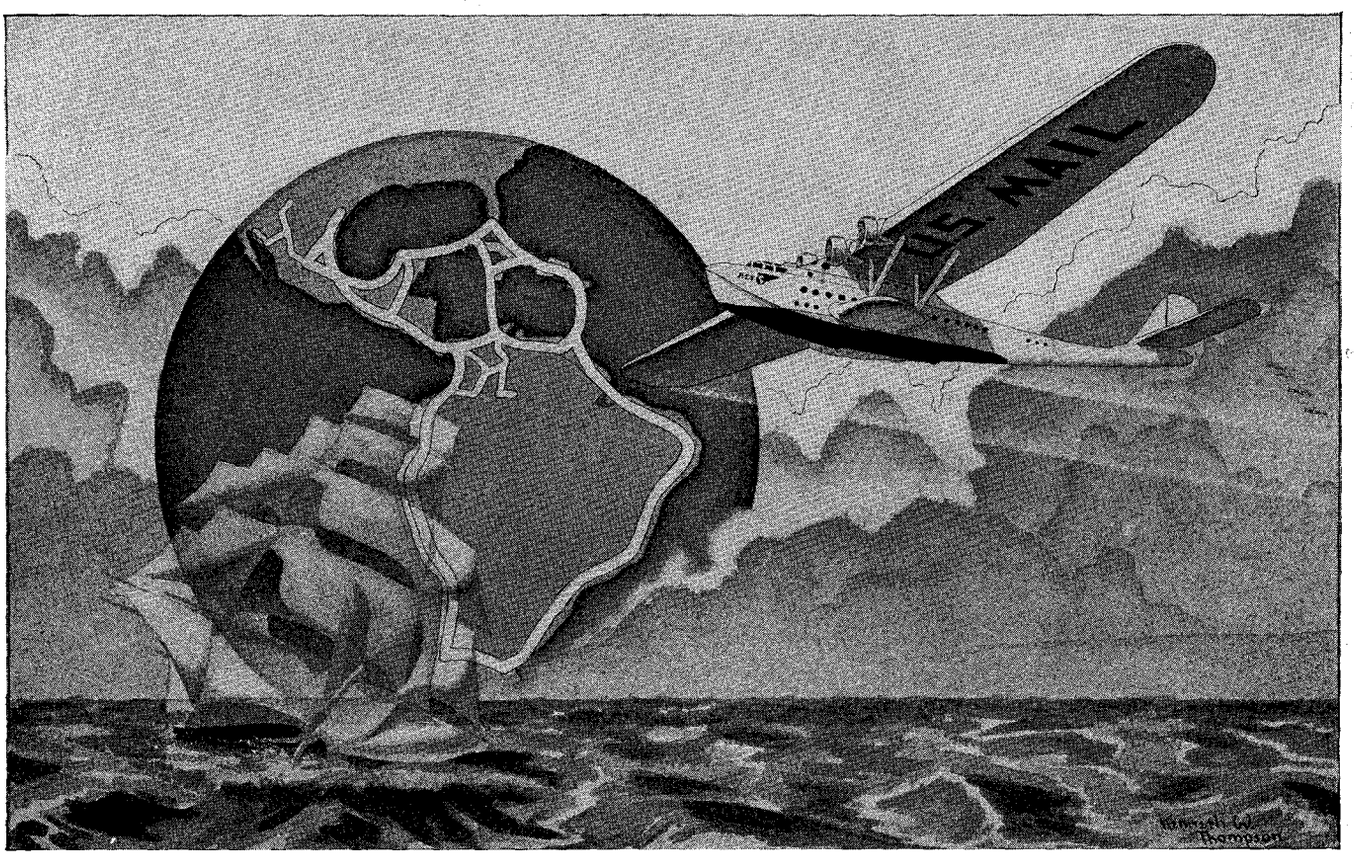

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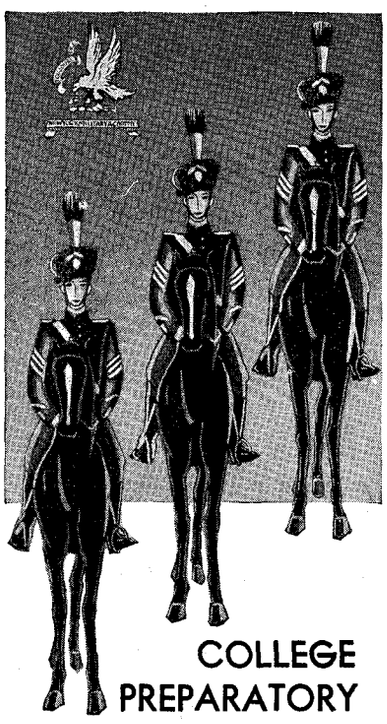

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New England in 1637, later bequeathing to, and for a college, his library together with the sum of 779 pounds sterling for the erection of a suitable building. A few doors beyond we overtook the Red Horse Tavern where Washington Irving spent some little time.

On down crooked High Street, past the Guild Church, grim, gray and crumbling in the moonlight, passing a row of quaint English houses with ivy-colored walls and copious flowers in their little front yards their gaslights within and without giving them the appearance of nosegays in their buttonholes, turning a corner into a street flanked by more pretentious estates and at length found ourselves standing before the familiar Holy Trinity, the church that houses the mortal remains of the Bard of Avon. We could only peer through the closed iron gates that admitted to the considerable cemetery that surrounded the church.

Around the corner of the graveyard where we came to the waters of the tranquil Avon—a background to our thoughts and imagination more poetic and realistic than any stage that man's ingenuity had ever contrived for his plays. Now in the background, giving the scene the wonted touch of authenticity, squatted the gray bulk of Shakespeare's Church. The ancient Clopton Bridge spanning the river gave balance and mundanity to the scene, its massive arches like a company of heavy-booted guardsmen all in step. We sat on one of the benches close to the river, the scene crowding with memories of his plays that we had seen, our lips forming vagrant lines as though repeating them after that ghostly company. . . .

As in the case of good performances in the theatre,—it was growing late too soon. And we wanted to view Will Shakespeare's birthplace in the moonlight, too. We followed the river for a stretch awaking a flock of swans and their cygnets that pursued us for some distance goose-fashion, hissing and making strange uncouth noises that boded us no good. . . .

Finally, there remained only a duplication of Shakespeare's more romantic moments, and with the guidance of a yokel gifted with the unconscious wit of Bottom, the Weaver, and the dimensions of Falstaff, we strolled across the fields to Shottery and saw Anne Hathaway's Cottage just as Will

(*Continued on page* 59)

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Checklist of New Ideas

ON AN OUTLINE OF THE FUTURE

1940—Another and final World War.
1945—Era of crime.
1950—"Relaxation" of British Empire.
1955—The Raid of the Germs.
1960—Disruption of the American republic.
1968—Great land-slip in British Isles.
1990—Emergence of Genuine "World State."

—*H. G. Wells.*

ON CHILD LABOR

If we do not learn to labor when we are children we aren't likely to learn to labor at all.—*Editorial in the Dallas News.*

ON THE PRESIDENCY

Since Jackson's times the Presidency has been a monarchy with all the caprice and inequality that a monarchial system necessitates. . . . The President is always a driver, or a brake, he is never a spare wheel.—*D. W. Brogan, of the London School of Economics.*

ON THE SUMMER THEATRE

In the last two or three years there has came into existence the summer theatre. This summer theatre really is a big thing in the theatre now. It has discovered eight good plays during its existence.—*William A. Brady, dean of theatrical producers.*

ON SPECIALISTS

There are too many young specialists, at least in my opinion. They come out of school, and suddenly they are specialists.—*Dr. William J. Mayo, founder, Mayo Clinic.*

ON ECONOMIC ISOLATION

Say that you asked me about how all this "Buy British" makes the English women look, in all-British clothes —and say that I merely winked.—*Mrs. Patrick Campbell, in a press interview.*

ON WISDOM

The best thing for the average man to do is stay away from the stock market.—*Prof. Carl N. Shuster, N. Y. State Teachers College.*

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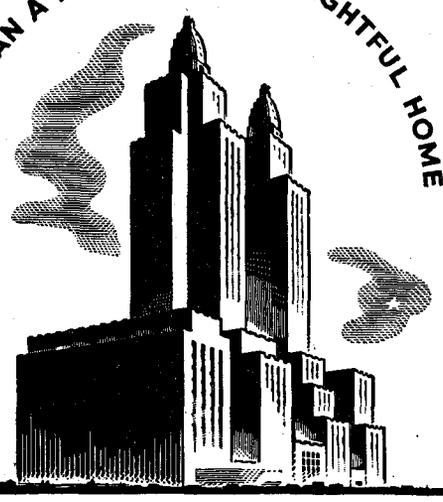

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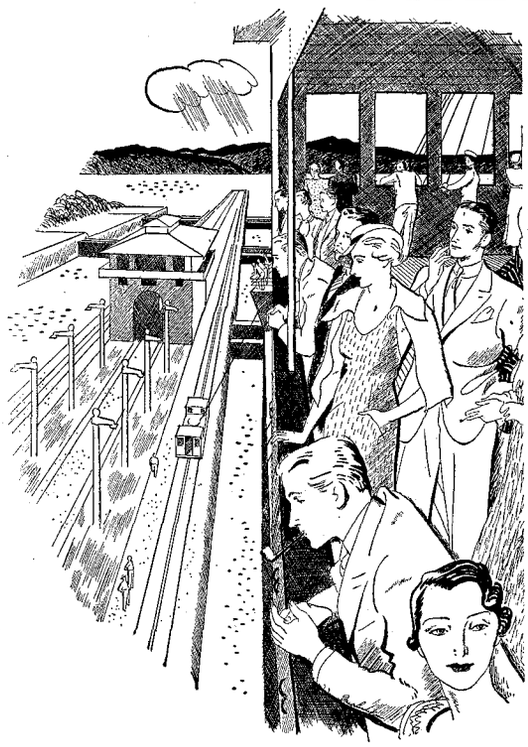

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Need for Open-Minded Investment Policy

Securities Selected Now Should Afford Protection As Well As Profit Possibilities

By A. W. WETSEL

RECENTLY an investor called at our offices "to get personally acquainted." He explained that he regarded himself as a successful investor. His carefully chosen and substantial list of investments had suffered but little depreciation during the depression period. The income, he felt, had been satisfactorily steady.

He attributed his success as an investor to (1) the analysis he made of each security, its company and industry, and to (2) diversification of his holdings.

In the latter he took his chief pride, for diversification, as every investor knows, is a protective measure. His well-balanced list was diversified by groups, industry, geographical location, type of securities, term, income and marketability. Any investment counselor or student of investments would have approved that list. Results proved that he had accomplished his purpose—obtained protection and income.

Missing Opportunities—

"But," he injected, "times are changing. I am missing valuable opportunities because I have schooled myself to judge securities from the protective and income viewpoints alone. I do not understand the standards that should guide me today. What I want is the help of someone who has a perception of what the new conditions actually mean and with a record for knowing how practically to meet changing conditions."

Many investors are experiencing the same trouble. They have acquired the habit of seeking only protection for their capital. Unconsciously, they have permitted their minds to become closed to recognizing appreciation or profit opportunities, as a purpose of investment.

Diversification by Method Needed—

Today, the diversification that provides protection is just as sound as ever. But of equal, or perhaps greater, importance is the need for *diversification of method*—an awakening of investment minds closed to present-day conditions and opportunities. For, after all, doesn't the investment program which gives proper consideration to appreciation afford the only true protection?

There are but few who will gainsay the fact that the large investor (even though wholly dependent upon his securities for income) now should employ part of his capital with a view toward profiting through appreciation. In other words, by diversifying his methods, he should retain the staunch protection provided by the well-known principle of sound investment diversification—*plus* the advantage gained by further diversification providing for holding some carefully chosen securities selected for their appreciation possibilities.

Similarly, for the smaller investor who is building up his capital or seeking to recoup losses, an open-minded method of following a well directed program of buying selected securities for their probable appreciation and accepting earned profits presents excellent possibilities at the present time.

What the Investor Should Know—

How then, you may ask, is one to know in which securities to invest? Do the same rules or standards that enabled the above mentioned investor to so thoroughly diversify and protect his holdings apply?

No, they are not likely to apply. That was the limitation he felt in his own judgment.

And, furthermore, the standards which enabled him to select his list largely were statistical. In a recovery period statistics lag. They are records of what *has* happened and as such are incomplete guides.

To take advantage of current appreciation opportunities, it is desirable, if indeed not essential, to *know* what to buy, when and at what price—and *when* to capitalize an earned appreciation.

Price Governing Factors—

Except for those occasional few who are privileged to gain pertinent information in advance, such knowledge is most accurately obtainable through interpretation of the technical factors which govern market trends and security prices. For within the market are numerous irresistible forces constantly working for the advance or decline of security prices.

Through many years of study and research and long experience as market consultants, the Wetsel organization has developed the widely recognized Wetsel method of directing security purchases and sales through interpretation of these technical factors. These deductions and recommendations, especially valuable in the present market, are available at moderate cost.

For Every Investor's Needs—

Under personal direction, this organization of Investment counselors provides services suited to every investor's needs—from the institutional or large individual investor with income and conservation problems to the small security buyer seeking to build up his capital. As for instance, these services.

Capital Appreciation Service—

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The operation of this Service is clearly and simply described in a specially prepared loose-leaf booklet entitled "Capital Appreciation Service." It unfolds the Wetsel methods and philosophy governing the ways in which—on an outright purchase basis—to take judicious advantage of appreciation opportunities and rebuild capital so as to restore and increase ultimate income.

Wetsel Market Recommendations—

A service lesser in scope designed for those primarily interested in market movements.

Have you ever been puzzled to know what securities to buy, when and at what prices? When you own stocks, is it difficult to decide whether to hold or sell? Most investors are bothered by these perplexing decisions that must be made.

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The Wetsel philosophy of investment, a frank discussion of the vital problems affecting true conservatism and capital growth and an outline of this service are given in our booklet, "How to Protect Your Capital and Accelerate Its Growth." It exposes investment fallacies that have proven to be costly guides—it shows how this method protects and builds up capital for both large and small investors.

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NEW OUTLOOK

FRANCIS WALTON
Managing Editor

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VOLUME 162 NUMBER 3

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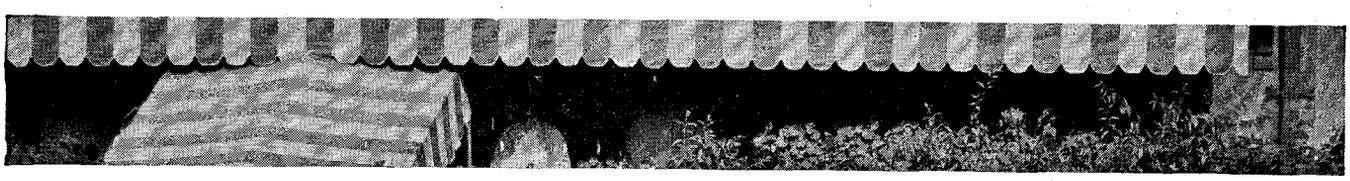

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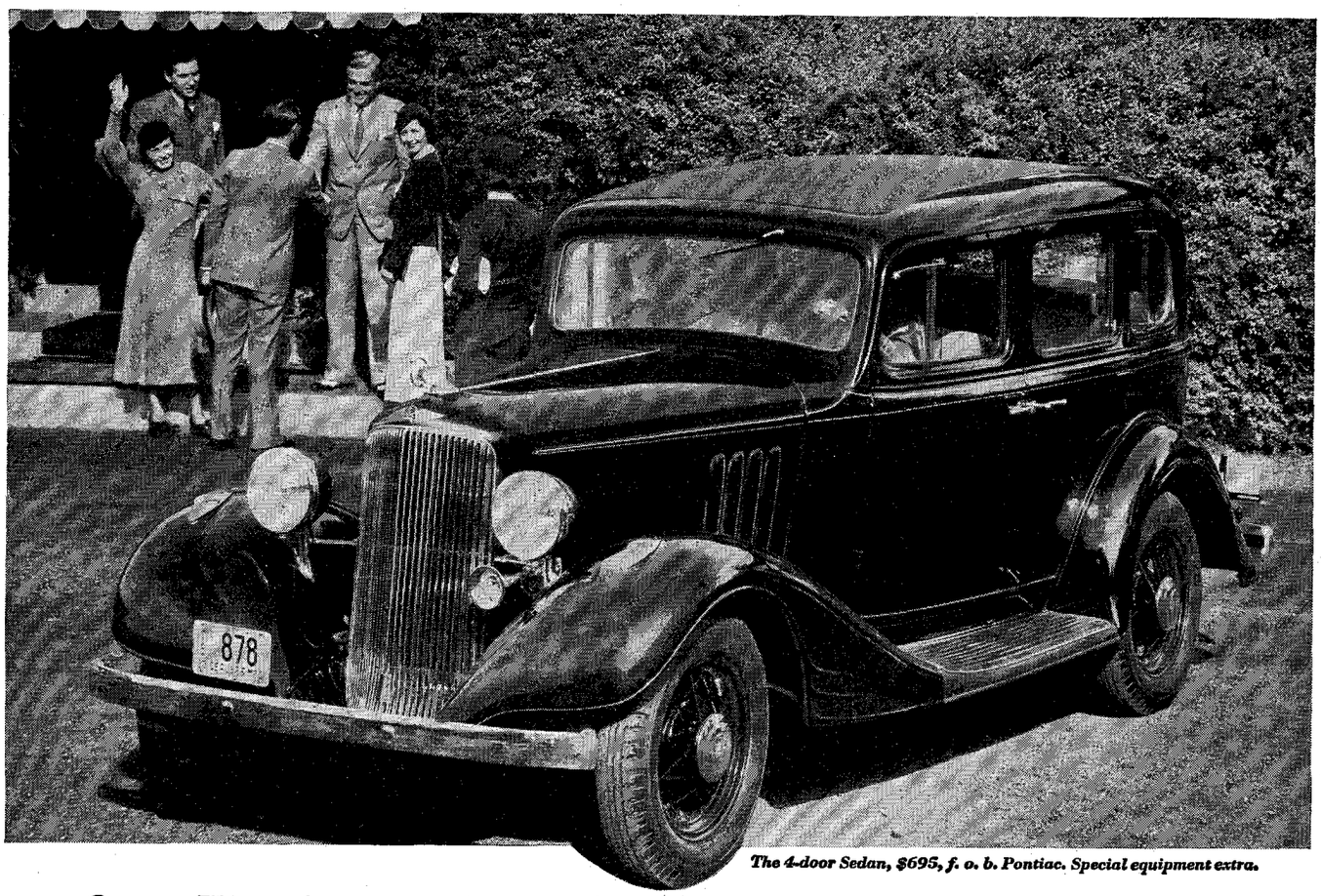

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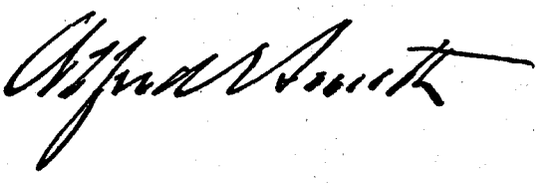
HOME, SWEET HOME



IN exploring the long list of Hoover Administration failures, farthest south at the very Pole itself was the home loan fiasco. It is at the bottom of the list not because it was the most costly or the most critical failure. It cost little, because it never worked. It was not critical, because the majority of voters had long since lost confidence in the Hoover Administration when it entrusted the Home, Sweet Home Campaign to forgotten G. O. P. statesmen. The home loan plan was significant and contemptible because it aimed to fool the little man in the field in which he is most pathetic, sentimental and helpless—in his great fundamental instinct to hold on to the bit of land and the humble cottage where all his romance, his earthly hopes and joys and cares are centered. To the small home-owner, threatened with the loss of his property, the Hoover Administration promised relief, and gave nothing but three cheers. If relief had come then, we might not now be reviving the Federal Home Loan Bank and setting up in its shadow a new Home Owners' Loan Corporation.

The Hoover experience should not be forgotten. The new plan should be executed with the greatest good faith. The small home-owner has at least this much coming to him. A second fiasco in this field will do more to disillusion the urban population, and to bring government into deserved contempt than any other recovery measure. The great middle class of respectable, substantial people in cities, suburbs and villages is involved. Most farmers are taken care of under other, and more liberal, legislation. Omitting the farmers, this middle class is the very backbone of the country.

What is the new law likely to accomplish? Little, if anything, I believe, and the sooner it is amended, strengthened and made a sincere instrument of home saving, the better it will be.

Let us look at the situation honestly. Experts seem to agree that there are some $20,000,000,000 of home mortgages on real estate throughout the country. Of this sum, about $12,000,000,000 is eligible for relief under the new act. Let us say, for the sake of argument, that $6,000,000,000 of it needs help badly. These are the cases of small homeowners who are in default for interest, taxes and assessments, as well as payment on principal, and who cannot be saved by any moratorium on foreclosures which aims to protect, as all such moratoria do, only the owner who has met all obligations of his mortgage excepting the principal of the mortgage itself.

The new act offers to the mortgagee bonds guaranteed by the Federal government as to 4 per cent interest for eighteen

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years, but not guaranteed as to principal, based on 80 per cent of a new appraised valuation of the property, if the owner can persuade the mortgage holder to take them. The 80 per cent limit must cover payments of back taxes and assessments as well as refinancing the mortgage, and must not in any event exceed $14,000. Obviously few mortgagees will fall for a bond which is nothing more than an eighteen-year annuity. In thousands of cases the mortgage alone, not to speak of back taxes and interest, exceeds 80 per cent of an honest up-to-date appraisal. Trustees and fiduciaries have no legal authority in most states either to accept bonds of this kind, or to discount a mortgage, and certainly they would have no moral right to do so even if they had statutory authority.

The new act also permits loans up to 40 per cent cash where the mortgagee will not take bonds, but the new loan must be a first mortgage and must therefore wipe out the existing one as well as provide cash for back taxes, installments on assessments and overdue interest. What proportion of the hard luck cases can possibly be benefited by such a provision if honestly administered?

Where cash is asked, the borrower must first show that he has tried to get a loan through all other possible channels. Moreover, only $200,000,000 is available for cash loans as against $2,000,000,000 for loans in bonds. If there should be a drive for cash loans, the new corporation's capital would be eaten up overnight.

Let us take a specific example. Casey Jones, an engineer, owns a house near the railroad yards which he bought in 1928 for $7,000, $1,000 in cash and the rest on mortgage held by a savings bank. He was able to pay interest and taxes, keep up insurance, and even pay all installments on a sewer assessment up to the end of 1931. Moreover, he reduced the mortgage in that period from $7,000 to $6,000. In 1932 he reached the end of his rope. His wife had another baby. That cost money. He was put on part time, and the last of his savings went into payment of interest on his mortgage for the first half of 1931. He now owes $720 in back interest, and all of the taxes for 1931, 1932 and half of 1933, amounting to $450. The taxes are accumulating big penalties and a sale of the tax lien is a black cloud over Casey's home. He also owes $1,000 in payments on principal. The savings bank is entirely willing to waive the principal payments, but it cannot let him off on interest indefinitely and it cannot afford to have its equity threatened by tax sales. What does Casey do under the new act?

He goes to the nearest branch of the Home Owners' Loan Corporation. The people in charge are sympathetic and understanding and are eager to help him. But what do they find? A new appraisal, generous under the circumstances, shows that Casey's house, which never was too well built in the first instance and now shows plainly the lack of repair, is worth $5,000 today. Now, 80 per cent of $5,000 is $4,000 and that, minus $1,170 in back taxes and interest, is what the Federal people offer the Savings Bank in bonds not guaranteed as to principal for their $6,000 mortgage. Obviously this is a crazy proposition and is declined. As far as a cash alternative is concerned, Casey is eligible for only a 40 per cent loan, or $2,000, which would not make a dent in the $6,000 mortgage, not to speak of the $1,170 back interest and taxes. Obviously there is nothing for the Casey Jones family in this plan if the law remains unamended.

The best thing to do under such conditions is to get all the applications together, make all the appraisals, which will take many weeks at best, and amend the law and make it workable as soon as the next Congress meets. It will not be easy to frame such amendments. If they are meant to be effective, they will not come under the head of what, in normal times, we would have called sound business. The Federal government might, for instance, take a second mortgage on very easy terms to secure a loan to pay back taxes and interest up to 3 per cent for the years 1931 and 1932, if the total of the first and second mortgages does not exceed the full present valuation, thus relieving the owner and mortgagee of the dangers of tax liens and at the same time aiding municipalities. It is clear now that Federal and state moratoria on foreclosures for failure to pay on principal, will not meet the problem unless conditions improve very rapidly.

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F. R. B. C.

READERS CANNOT HELP BUT PROFIT by frankness on the part of public men on public questions. Below is a contrast of views on the important question of federal patronage:

Alfred E. Smith in the March New Outlook

"If I were to be asked for a program to meet this situation, I would suggest the following:

First, abolish immediately all positions not obviously necessary for the conduct of the government.

Second, retain in the service, irrespective of party, all present officials of conspicuous ability and long service.

Third, pick out for exceptional treatment, on an entirely non-political basis, key positions in each department and let them be filled by the head of the department entirely on his own discretion and with full responsibilty for appointing the kind of people who will make the administration of the department a success.

Fourth, fill the rest of the positions through recommendation of local political leaders in the usual way, holding them responsible for selecting competent persons."

Postmaster-General James A. Farley in the August American Magazine

"I am following two fundamental rules: (1) Is the applicant qualified? (2) Is he loyal to the party and sympathetic toward the program of Franklin D. Roosevelt?

I think it is only fair that those men who worked to put Mr. Roosevelt into the Presidency should be given jobs in the Federal service and be given an opportunity to help him carry out his program. . . .

I am an old baseball player, and I like to call things straight. Any Republican on the exempt list has a chance of re-appointment — but he has two strikes on him. If he is a wizard in his own field, if he knows more about his job than anybody else— he will hold his position. But if there is a Democrat just as well qualified that Democrat will get the job.

And among the Democrats who are qualified, who will get the first chance at the job? The F. R. B. C. men. That means the men who were for Roosevelt before Chicago. The Democrats who jumped on the bandwagon later are next in line."

The question, however, is somewhat academic, because I merely presented a program, whereas Jim Farley is dispensing the patronage.

The deadly parallel also furnishes the following contrast in conception of the meaning and method of the National Industrial Recovery Act:

"The National Industrial Recovery Act provides an administrative board to serve as a friendly and suggestive coördinator of the activities of business men who previously worked in the dark and at cross-purposes."— *Senator Robert F. Wagner, "Planning in Place of Restraint" in the August "Survey Graphic."*

Later, while enjoying a lunch of lamb chops and beer, General Johnson was asked:

"What will happen to objectors who won't go along with the code?"

"They'll get a sock right on the nose," the General replied. — *General Johnson's visit to Cleveland reported in the "New York Herald Tribune" of July 29.*

Well, you pays your money and you takes your choice. It is safer, though not so noble, to accept the General's idea as official, because, after all, the Senator is merely an author of the law, whereas the General executes it. Maybe there is such a thing as a friendly and suggestive sock on the nose. If there is, let us take it, and both of them will be right.

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ANOTHER NEW PLAN

A NEW ECONOMIC CURE-ALL, known as the Deane Plan, has found its way into print. Like most schemes of its kind, it is simple, ingenious, and drastic as the devil.

The essential purpose of the plan is to bring about a common leveling of all hours and wages so that industrial employment will be spread evenly over the whole working population. The standard is the pre-depression employment condition of the country. The employee who gets less work than the average is paid part of what he should have earned out of a fund contributed by employees who get more hours than the average, and by their employers who work them these additional hours. There is also to be a surplus tax on all incomes over $3,000 a year in excess of the average of all incomes above that figure. The scheme does not apply to agricultural workers. The claim is made for it that it is based on simple mathematics, and that it can be administered by the existing internal revenue officials. The employer has his choice of employing more men for shorter hours, or of paying a tax.

Another basic idea is that this plan will cut down excess production of unnecessary things and stimulate production of things which the average consumer wants and will be able to pay for. By increasing the purchasing capacity of the great majority of workers in the lower income groups, consumption will be raised so that industry will be stimulated to full capacity.

Personally, I do not believe that the plan, if its adoption could be brought about, would accomplish what the authors claim for it. I do not even regard their objective as a wholly desirable one.

As a practical matter, I do not see how a scheme like this could be put into effect. The Constitution is being pretty severely strained by recent industrial recovery legislation, but it would absolutely crack under the Deane Plan. Like all such schemes, the Deane Plan, if it were tried, would force

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the government in the end to take over and run all industry, in which case we could do away with money and the profit motive and everybody would be paid on the basis of ergs, thermal units, ohms, tokens from money machines, rabbits' feet, elks' teeth, grasshoppers, jelly beans, or clam shells. Eventually even these rewards and distinctions would be abolished, and we would all go back to the land and live on goat's milk and berries.

From all of which you may judge that I don't think the Deane Plan, in spite of its simplicity and freedom from scientific lingo, is any more workable than Technocracy.

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SPARE TIME

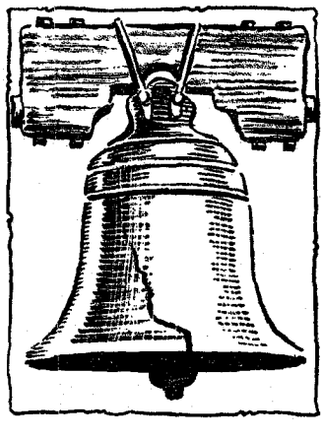
ONE OF THE INEVITABLE RESULTS of the present industrial revolution, and one of its probable benefits, will be shorter hours in business and industry, perhaps not as much shorter as some now advocate, but, at any rate, less than the work periods before the depression.

Let us forget for a moment that the immediate purpose is to spread work and pay, and let us assume that the purchasing power of the average worker when prosperity returns will be about what it was in the old normal times. What will the worker do with his spare time, how will it affect his family and their way of living, what new wants will be developed, who will fill them, and with what results to society?

Leisure may be a curse as well as a blessing. The worker at home in his shirt sleeves for many hours a day may become a nuisance to his wife and family, or a great help in carrying the domestic burdens. He may spend time in a club, which may or not be a good thing. He may loaf harmlessly, or get himself and others into a lot of trouble. He may read or develop hobbies and good habits, or cultivate bad ones. He may learn useful things about government and become a more intelligent citizen, or waste his time in gossip. He may spend hours on labor organization matter, or leave it to the walking delegate.

Inevitably he will want to go places and see things so far as his means permit. This spells more small cars, improved transportation, better roads, more parks and playgrounds and more outdoor exercise, and perhaps a broader outlook on life. There will be more radios, but no one knows what kind of programs. A whole new line of government and business enterprises and problems will arise with the new national leisure.

Will the rush and drive which have characterized our country be checked and life go on in a more genial, wholesome, and easy way? Or will the national temperament speed up our new spare time so that it is as hectic as our old business? Who knows?



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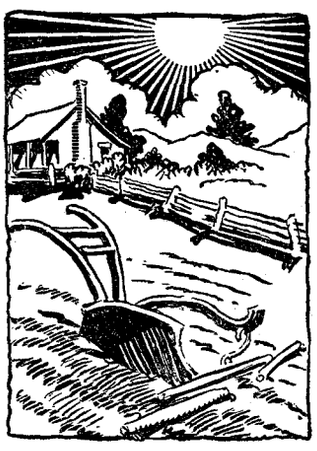
Enter the Agrobiologist

By Henry Kittredge Norton

This is the first of a series of articles by Henry Kittredge Norton, co-author of "Investing in Wages." It will treat of the findings of the agrobiologists, which indicate the coming of a scientific revolution in our farming establishment.

THE farmers of this country have little room for complaints on the ground that the Government has not tried to help them. The Farm Board under the Hoover regime made a number of valiant and expensive efforts to alleviate their sufferings, even though it did little more than demonstrate that its methods were not adequate to solve the problem. The present Administration is making heroic endeavors to assist the agricultural population by artificially raising the price of the principal farm products and charging the difference to the rest of the country. It has done more: it has introduced a note of humor into the proceedings. It has appropriated many millions of dollars to increase farm prices and to find additional markets for farm produce, even going to the length of paying the farmers to plow under substantial portions of their crops. Then, having extended itself in this direction, it has become active along other lines. It has appropriated more millions of dollars to finance a "back-to-the-land movement." Thousands of the unemployed in the cities are to be given plots of ground and enabled to raise their own food-stuffs. This will, of course, further restrict the market for the farmers, and will logically require the plowing under of an additional section of their crops. But this is not all. In the eager search for available "public works" through which government money may be distributed to potential consumers, three projects have received executive approval. Two of these three are irrigation projects designed to make more land available for cultivation. Consistency thou art a jewel: but the Administration is apparently not interested in jewelry.



If we may judge by the activities of the past five years, there lingers in the official mind the idea that the distress of the farmers is a purely temporary phenomenon which will pass with the Depression, and that in some dim, but rosier, future agricultural America will be able to dispose of its whole product at handsome prices—sufficiently handsome, it is hoped, to repay some part at least of the generous grants-in-aid which it has received.

There is considerable reason to doubt the validity of this assumption. The only basis for it would be that the only reason that the world cannot now buy the American surplus above what we need for our own consumption is because it is *temporarily* impoverished by the Depression. The figures of production indicate that this may not be so. Take wheat as an example. Between 1900 and 1930 the world increased its production of wheat from 2,633 million bushels to 4,950 million bushels. It has fallen off some 200 million bushels in the last two years, but still remains at nearly double the 1900 figure. American production has contributed to this development. It was 603 million bushels in 1900, and 858 million in 1930.

Even more momentous have been the contributions of Canada, Argentina, Australia and Russia. The enormous increase in the yields of these comparatively new countries poses the very serious question as to whether the American wheat farmer can continue to compete with them in the world market. The sentiment of the country is probably overwhelmingly in favor of reserving the domestic market for the American farmer. But how long will the public be willing to recoup the losses of the farmer incurred in attempting to compete in a world market where all the factors are against him?

The situation with regard to other major crops is not unlike that of wheat. Our cotton production has increased from 10 million to 17 million bales in the last thirty years. Tobacco production has more than doubled. Oats have increased about 30 per cent and rye 50 per cent. Corn alone is produced in about the same volume as thirty years ago.

In short, on the present showing, it is time to give serious consideration to the question whether the future of American agriculture will not be restricted in a much greater degree than heretofore to supplying the domestic market, whether we must not reconcile ourselves to the prospect that other countries will increasingly fill their own requirements and such a "world market" as may be left be supplied by competitors whose cost of production will be well below ours.

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Such a prospect demands a far different treatment of the agricultural problem than any which has yet been attempted. We cannot indefinitely maintain at public expense a food producing establishment with a capacity far in excess of its possible market. We shall be forced to recognize that agriculture is a relatively limited field of economic activity. People will not eat a great deal more

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than they do now no matter how great the production, nor how much the consumer buying power is raised. Manufacture and the service occupations are expandable almost without limit. The problem begins to take shape as a search for the means to transfer a large percentage of our farmers into other lines of activity.

Sentimentalists may recoil in horror at the mere suggestion of removing farmers from the farms. Farming, they hasten to plead, is not only a means of gaining a livelihood, it is "a way of life" in which its devotees should be allowed to continue. Many of us who are not farmers, however, can think of "a way of life" we should like to pursue if the rest of the nation would only be kind enough to subsidize us therein. The migration from the farms to the cities has continued during all the later decades of our history regardless of "back-to-the-land movements," officially sponsored, or otherwise. This pressure away from the farms will continue in spite of the fact that a temporary cessation in the expansion of our industrial activity has set up a momentary backwash.

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Sooner or later we shall have to meet the essential problem and find a means of absorbing in industry and the service occupations that portion of the population which constantly improving agricultural methods makes superfluous in agriculture.

Wheat again suggests the nature of the trend. In 1929, 1930 and 1931 the acreage planted to wheat was respectively 63, 61 and 55 million acres. The yield in the same years was 813, 858 and 892 million bushels. It is easy to say this was due merely to weather conditions and need not be regarded seriously. The falling off in many of the principal crops this year, through the happy interposition of drought, grasshoppers and a prolonged hot spell, seemingly adds weight to this view. But it will be as well to look further into the situation and to note the entrance upon the scene of the agrobiologist before lightly dismissing the possibilities of increased yields on smaller acreages.

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Our increasing technical specialization has evolved a new type of specialist known as an agrobiologist. He has made it his special business to study the possible and practicable yields of our principal agricultural plants and to forecast the course of our agricultural development. He has worked out the laws of plant growth to the point where he can say with a high degree of accuracy what the yield will be if properly selected seed is given the necessary amounts of fertilizer and an appropriate quantity of water.

The question of suitable soil no longer bothers him. Soil, after all, is merely a vehicle by which certain chemicals and moisture are brought to the growing plant. When the world was young and fertilization was but little understood, rich virgin soil which would itself supply the necessary chemicals and climates where the rainfall was enough, without being too much, were invaluable assets to farmers. In an age of scientific fertilization and irrigation there is an ample sufficiency of suitable soil in appropriate climates to meet the requirements of the agrobiologist.

One of the pioneers in this field, Dr. O. W. Willcox, has collected the results of numerous studies on the theoretical possible yields of our principal crops. These he gives as follows:

Kind of Crop	*Possible yield per acre*
Corn	225 bu.
Wheat	171 bu.
Rye	193 bu.
Oats	395 bu.
Barley	308 bu.
Potatoes .....1330 bu.	
Cotton (lint) .	4.6 bales
Sugar Beets ...	53 tons

In 1930 we had 241 *million acres* devoted to these eight crops. With the yields given above we could have produced the same harvests on less than 20.6 *million acres.*

"If," says Dr. Willcox, "what was harvested on 241 million acres could really have been obtained from 20.6 million acres, then the overall efficiency coefficient of American agriculture as regards these crops in that year was 8½ in a possible 100. That is to say, more than 9 out of 10 of these 241 million acres might have lain fallow. Not only that, since little more labor per acre is required to plant and tend a good crop than a poor one, when, if and as farmers achieve 100 per cent efficiency in their operations perhaps 80 per cent of the farm labor now busy in the United States might become superfluous. To such a small dimension may the march of progress eventually reduce the great American agricultural establishment. In sound theory it is not at all impossible to obtain 225-bu. corn crops, 4.6-bale cotton crops, etc., and without for the moment inquiring whether there may be a gap between what is theoretically possible and what is practically obtainable, it will be readily understood that since the consuming markets cannot even now comfortably absorb the produce of our present theoretically very inefficient agricultural establishment, if this establishment should suddenly acquire even 50 per cent efficiency and attempt to market five times its present output the farm problem would assume incalculable proportions."

This sounds a bit like technocracy applied to agriculture. Before we become unduly excited about it we shall want to know how much of this theoretical yield is practically possible. Indiana furnishes us some interesting light on the corn situation. That state has a Corn Growers Association which, under the supervision of Professor K. E. Beezon, of Purdue University, furnishes the details of experiments on tracts of not less than five acres. According to the reports of the association, in the four years 1928-1931, in which there was a marked variety in the rainfall, 472 members obtained more than 90 bushels per acre. Highest yield among these members was 156.2 bushels per acre.

These demonstrations covered sixty-four of the ninety-two counties of the state. And, given the necessary fertilizer and control of the water supply by irrigation, there is reason to believe that the whole corn belt of Indiana could produce between 90 and 156 bushels of corn per acre per year. The significance of these figures will be appreciated when they are compared with the present average yield of twenty-six to thirty-five bushels per acre. If this average yield were raised to 150 bushels, Indiana alone would produce about a third as much corn as was produced in the

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whole of the United States in 1930. What would happen if the farmers of other states should likewise multiply their yields five or six times may readily be imagined.

Indiana has not made the highest record in corn production. The theoretical yield of 225 bushels per acre has actually been obtained. And numerous 200 bushel yields have been verified. Nor is corn the only crop where such records have been made. Actual crop yields have been verified by the agrobiologists as follows:

Kind of Crop	*Actual Yield per acre*	*Percentage of possible yield*
Corn	225 bu.	100
Wheat	117 bu.	68.5
Rye	55 bu.	27.5
Oats	245 bu.	62
Barley	124 bu.	40.4
Potatoes	1070 bu.	80
Cotton (lint)	2.1 bales	43
Sugar (beets)	35 tons	66
Sugar (cane)	155 tons	94

Dr. Willcox's comment on this situation is stimulating. "Given that corn can actually yield at 100 per cent of its theoretical ability, potatoes at 80, wheat at 68, sugar cane at 94, etc., and supposing that even master farmers could not succeed in approaching these visible maxima closer than 70 per cent, a little figuring will show that to produce all the corn, wheat, rye, oats, barley, potatoes, sugar and cotton normally produced in this country both for domestic consumption and for export would require not more than 47 million acres of well fertilized, well watered and otherwise well managed lands: this acreage is about equal to the area of land now actually under the plow in the single State of Kansas."

Accepting these figures as correct, or even as sufficiently accurate to indicate the possibilities ahead of us, the next question is whether the farmers will increase their efficiency in anything like the degree indicated. This question almost answers itself. Competition will drive the farmers to a continued effort to reduce their costs and the surest way to reduce costs is to increase the yield per acre. No government subsidy for plowing under a part of their acreage will deter the farmers from attempting to increase the yield on their remaining acres. In fact the subsidy policy will furnish them with additional time and money to devote to this purpose. Since 1914, Indiana farmers have been increasing the maximum growth of corn at the rate of about two and a quarter bushels per acre per year. The bulk of this was during a period of strong demand and comparatively easy returns. At this rate they would reach the theoretical limit of 225 bushels in thirty years. Under the urge of depression, however, progress in agricultural efficiency will inevitably be more rapid and they may well reach the goal in 20 years or less.

If the process is carried to its logical conclusion, the surviving corn growers in Indiana will be those who can most easily produce 200 bushels of corn to the acre. These could raise the same amount of corn that is raised today on about one-seventh of the present acreage and in number they would only be about one-seventh of the present total of Indiana farmers, say 25,000 as against 181,000.

This would mean that some 155,000 men who now gain their living by agriculture in Indiana alone would have to find some other means of livelihood. Applying the same ratio to the United States as a whole it would mean that about 2 million farmers could supply all of the foodstuffs and raw materials, the growing of which now furnishes occupation to some 12 million men.

Here then is a problem looming in the all too near future which has received little or no attention from the Government or the public—or from the farmers themselves. The result of an enormous governmental effort to put our industrial workers back into jobs has been thus far but fractionally encouraging. Our industrial producing capacity still easily outdistances our power to consume. There is serious doubt as to whether a 35 hour week with a $14 or $15 minimum wage will prove to be anything more than a preliminary step in restoring 12 million or 15 million industrial workers to adequate consuming capacity.

Many things may happen in twenty years. But one of the things that seems least likely to happen is that we shall develop appetites which will demand anything like the quantity of foodstuffs that our agricultural establishment will be able to turn out before that time. And it is perfectly obvious that the transfer of 10 million men—or even half that number—from the farms to the cities may produce an unemployment crisis far more serious than anything we have yet contemplated.

The progressive shortening of the week in industrial pursuits would naturally lead to an insistence upon shorter hours on the farms. But when it is realized that one-seventh of the effort now going into agriculture could produce all we are producing now, and further, that we are already producing far more than we can use, it is clear that a very substantial percentage of our farm population must seek other pursuits unless an unwontedly generous public is willing to support them indefinitely in their chosen "way of life."

The fact that we can supply our agricultural needs with a fraction of our present effort should not cause apprehension any more than the fact that our industrial capacity is far greater than our present ability to consume its products. Both developments indicate a rapidly increasing control by civilization over the natural environment. But these developments are a challenge to our ability so to organize our economy that we may secure their advantages. We are not meeting that challenge by sitting around and waiting for a drought or some other destructive event to bring cheer to the farmers not affected, or to inject new life into the commodity markets. Nor does it seem altogether sensible to attempt to achieve the same ends by deliberately destroying a substantial portion of our crops.

To met the challenge intelligently we must consider what steps must be taken by the farmers to approach the larger yields suggested, the part of the government in helping or hindering this development, and the various means of meeting the human problem involved in such a reorganization of our agriculture as seems inevitable. These aspects of the matter will be discussed in a later article.

Another article in this series on the findings of the agrobiologist will appear in the October issue.

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Experiments on Parade

By Robert R. Doane

The Depression has brought forth a mass of experiments in government the world over and on a scale of infinite magnitude. The aims and objectives of these are described by Robert R. Doane, whose new book, "Measurements of Wealth, Income and Consuming Power of the People of the U. S." will appear this fall.

MARSHALLED together in unprecedented array the forces of the largest, most determined, best equipped, and perhaps most dexterous, experimental army our modern civilization has ever seen, are today marching full flank down the troubled economic boulevards of the world. Not since the moral vagabond Rousseau told the world that all heads were equal—regardless of what was in them—have the smoldering submerged hopes of the common man been blown into such a glow.

For good or for evil—the march is on. From the bedraggled red flag of communism, on under the banners of fascism, syndicalism, socialism and a limping, frightened capitalism, the rising tide of a determined, if not enforced, experimentalism engulfs the earth. No sham battle, this. No mere masquerade.

There has never been a period when so many of the time-tried institutions of man have come under such rigid re-examination. There has never been a period when so many individual minds have been put to work, either voluntarily or involuntarily, upon the multiple problems of the great society. There has never been a period when so many qualified, experienced and enlightened minds have been available to focus their expert attention upon the social problem. There has never been a period when the entire civilized world—as a whole—has engaged upon so colossal an economic laboratory experiment. Every conceivable theory, under every form of organized control, under every known pattern, is now undergoing various stages of application among the nations of the world.

The mounting instability in a rapidly enlarging industrial civilization—dependent more and more upon man's, rather than upon nature's, productivity—has vastly accelerated this movement toward experiment, a movement which may well become one of the outstanding decisive struggles of our time. The long processes of trial and error have demanded such an ever recurring procedure. No recent novelty, this. The gathering clans under the soviet, the fascisti, the nazis, the new deal—curiously incongruous as they may appear—represent but a dramatization borrowed from out the factors inherent in our complex technological civilization. In this multiple chain of collective, though unrelated, units men continue the exploration of the obstacles that lie in the pathways to their dreams. They will not, nor could they hardly be expected to, remain forever content with an enforced artificial poverty while the skilled engines of plenty lay under their very eyes accumulating rust and decay. In such times distinction over the coloration of banners and discrimination over the intonation of beatitudes become blurred and obscured. Eras end like that. And in such supercharged atmosphere new epochs are born.

This continuous movement of human effort has been, in the main, throughout all history—progressive, even if it has been periodically subjected to cyclical interruptions. It resembles a mighty symphony played over and over again, with each time the new crescendo growing louder as it reaches a progressively fuller orchestration. In this symphony there are quiet, peaceful passages and there are mad passages that din about the ears as each successive climax is attained. Then follows a period of silence—until the symphony resumes again.

If we think only of the cadence, it seems to end eternally in nothingness. If we think only of the rhythmic crescendos, the whole symphony and theme seem futile. If we think more and more of a perfected orchestration of each individual unit—the melody—we find an exhilarating interest in the possibilities of progressive advance.

To the realist, who thinks in terms of yesterday's greatness, today's opportunities and tomorrow's promise, his kingdom of tradition and orderliness of event has been converted into a "no-man's-land" over night. It has been threaded with the barbed entanglements of half-truths and conflicting concepts. It is pitted with the shell-holes of exploded theories. The embattlements of his staunch and faithful institutions become dimmed in the smoke of the cross-fire between the fighting battalions of waste, the machine-gun batteries of economy, and the cascading shrapnel of *laissez faire*. He is caught between the trenches where stand the new forces armed with the resulting instrumentalities of three hundred centuries of experiment. About him are bursting the hand-grenades of repudiation, irredeemable currency, valorization and price-fixing schemes. Behind him roar the big-berthas of the N R.A. Yet over it all, and throughout this apparent mutinous struggle, he knows full well the persistent *principle of*

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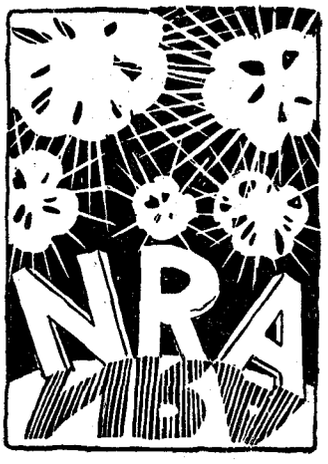

economic cost still rules as King. Moratoria. . . . The King is dead! . . . Men must live . . . as sinister Time sounds reveille. . . . Long live the King!

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There are, of course, many ways in which to kill a goose. Or to stuff one for that matter. And little can be gained by adding to confusion. Nevertheless, what we are all interested in today are those phenomena that can be viewed clearly by the naked eye—rather than observed but dimly through a mist of erudition. A good many of us have become convinced that many of the pressing problems of today stand somewhat outside the boundaries of existing economic theory. We are fully aware that anyone versed in economic affairs can lock himself in his closet and, with paper and pencil, produce a highly interesting document that not only sounds extremely logical and plausible, but that even for a time, and with certain qualifications, could well be practical. Thoughtful men have been doing that for more than 3,000 years.

Hammurabi, of Babylonia, 2,000 years B. C., developed the very first code of laws known to man. He entered upon a vast program of public works. Dikes, irrigation projects and promenades were built. The Egyptian Pharaohs entered upon a program of social planning that kept 100,000 laborers at work for twenty years. Darius, of Persia, started a definite broad-scale economic planning program that started with reforms in administration and ended by splitting his kingdom into twenty separate parts. In fact, he was such a prodigious planner that he bears the immortal title of "The Huckster." Under the tutelage of Aristotle, Alexander the Great launched a remarkable broad-scale plan. Augustus, in Rome, made herculean efforts at economic planning. The Emperors of China, about 500 B. C., were first class economic planners. Pericles, Aristotle, Plato, Cicero and Bacon were great patron saints of experiment and of planning.

Also Peter the Great, of Russia, anticipated the Soviet by almost three centuries. Colbert, one of France's great ministers, and the English Puritan, Oliver Cromwell, both embraced the principle of mercantilism. In endeavoring to cultivate and preserve the wealth of their subjects they proceeded upon the assumption that if a nation exported costly manufactures to its own colonies and imported cheap raw materials from them, the money paid into the home country would more than counter-balance the money paid out for raw materials. And thus a "favorable balance of trade" would bring gold to the nation. Under this theory heavy tariffs were placed upon foreign imports in order to protect "infant industries."

About a century later a physician by the name of François Quesnay announced to his friends, in France, that mercantilism was all wrong. He rapidly became the center of a little group of original thinkers who called themselves "economists." This was about 1760, and they taught that a nation's wealth comes from farming and mining; that manufactures and traders produce nothing new, but merely exchange or transport commodities. These manufacturers and traders should therefore be untaxed and unhampered. Here was the cradle of *laissez-faire*—"Let them do as they will."

A Scotsman, who had visited Quesnay, was meanwhile conveying the Frenchman's ideas across the Channel. He was Adam Smith, a professor of moral philosophy in the University of Glasgow, and as an incident of his moral speculations he brought out a system of political economy known as *"The Wealth of Nations."* It was then viewed as a declaration of independence for industry, and, curiously enough, appeared in 1776, the year of American independence. Smith's opinions were so plausible and his arguments so ingenious that his doctrines gained steadily in influence, and during the first half of the 19th century constituted the generally accepted economic procedure of the world. *"The Wealth of Nations"* became the wealth of the middle-class enterprising business men.

Then came two more immortals, David Ricardo, whose theory is still the foundation of all economic thinking, and Karl Marx, whose *"Das Kapital"* once more supplied unlimited hopes in the breasts of an impoverished laboring class. By many these men are looked upon as the two greatest thinkers of the 19th century, although their work seems to have been generally misunderstood.

Yet throughout the whole of this long period has run the persistent thread of experiment, as guided by the "trusted brains" of each interval. All of these ideas, if they were to work out in practice, were carried out with the assistance of, and within the framework of, the law. By the introduction of the State as an instrument of compulsion, mortal man has always sought to overcome those natural forces and prevailing principles that are so indispensable to a continuously changing economic world. The pathway of history is strewn with the wreckage of past civilizations and the futility of past experiments—Babylon, Nineveh, Persia, Egypt, Greece, Rome, Russia. And because of its greater size, complexity and interdependence, many tell us that our own civilization has even greater possibilities of smash than any of the others.

Along with all of this vast panorama of an expanding world came the great critical admonitions that passed unheeded. Adam Smith placed one significant sentence in his work: "The interests of the producer are to be attended only insofar as they consider the interests of the consumer," and there the matter rested for almost one and a half centuries. Marx's great thesis was a sincere attempt to point out how the continued effort of capitalists to compound surplus value through continued investment must eventually result in the complete breakdown of capitalism. Then came that memorable and controversial contribution of Professor Irving Fisher's "Quantity Theory of Money," followed by Wesley Claire Mitchell's "Business Cycles," Gustav Cassel's "Theory of the Social Economy," and then Stuart Chase's vitally provocative "Tragedy of Waste," and "The New Deal." Here were great beacons, the careful, penetrating work of astute minds pointing out the way.

Nevertheless, the accumulation of wealth superseded that of liberty as the crowning objective of modern life. Then came the World War with its destruction of billions of dollars' worth of property with a great increase in individual wealth. Followed the "curse of peace" with a renewal of the struggle for a competence. When the crack-up finally came the air was filled with many conflicting and confusing explanations. Over-production and

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under-consumption were the most frequently expressed. Next in rank came the "restriction on the free play of economic forces" explanation, followed by the "hothouse industries growth" theory, while valorization schemes, syndicates, cartels, monopolies and all kinds of governmental operations did the rest. The "mal-distribution of gold" came in for its share. "Sterilized" gold was also another cause advanced, as were excessive interest rates, "distress" borrowing, "artificial" and "banker's" borrowing and "excessive" bank credit. "Economic Nationalism," "over-saving," and "under-investment" also came to the fore. Then the innovations such as "technocracy" held the spot-light for a time. Men of affairs agreed no better about the causes than economic theorists. Yet great changes were occurring rapidly.

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State capitalism has appeared rapidly over the face of Europe. It has grown particularly in evidence throughout the central and northern European countries, especially in Germany, Austria, Hungary, Poland, Sweden and Norway. It began making progress in Mussolini's Italy. The Rumanian Chamber of Deputies decided to set up a National Economic Council in order to facilitate the coöperation of state and private economy. Spain set up a Supreme Economic Council for the same purpose. Germany acquired control of more than two-thirds of its leading banking institutions. Poland took over the tobacco factories and acquired large interests in oil and coal companies. Czechoslovakia owns, among many other activities, the best bathing resorts of the republic. The Scandinavian countries are in business with a long line of products. Norway has a trade monopoly for the import and sale of grain and flour, while it owns sulphur and other mines. Sweden is in the alcohol business and has acquired several banks to save them from bankruptcy. Switzerland owns nearly 90 per cent of the railways and about 60 per cent of the street car companies, and is acquiring interests in forests and hydro-electric plants. Poland, Rumania and Yugoslavia have acquired large tracts of land for distribution to the landless and unemployed. Without taking into account Russia, here then are examples of experiment on a grand scale. Experiment unbelievable to the *laissez-faire* order of only a relatively few months ago.

Quesnay and Adam Smith are dethroned as gods of the once popular economic religion. Much of the old order stands either discredited or in ignominious retreat. Cataclysmic changes these. Experiments? Yes. But emergent and enforced. The future alone can answer whether they are ephemeral and will pass away at some later stage.

Even prior to the collapse of 1929, curious and unobserved things were taking place in the old scheme of things. Of these the most important by far was the rapid growth of pools, which were organized to *stabilize* prices of certain commodities, especially raw materials. There was the pool for the restriction of exports of rubber, which had operated for some years and had driven the price of that commodity up to an average of seventy-three cents for the year 1925. There was a coffee pool in Brazil. A sugar pool in Cuba. In this country the copper producers had combined into a pool for the maintenance of prices. In Japan there was a silk pool. In Australia a wool pool. In Canada a wheat pool, while we called a special session of Congress to join the experiment. We operated a pool in cotton, while many of these pools for the theoretical benefit of stabilization were actually operated with Government support, and in part with the taxpayers' money.

Of course, the prices which were thus established and artificially maintained by such activities led to a steady increase in production until the supply was expanded far beyond the demands at such prices. One may well wonder, today, where those organizations, both public and private, were at the very time when they should have been informing us of this state of affairs. Or did they think that they too could overcome by fiat, or decree, the natural economic forces their action brought into play?

Another significant experiment was taking place, although this, too, passed unnoticed. Organized markets, whether for the sale of stocks and bonds, or of commodities, were becoming increasingly decentralized. They were reaching out aggressively for business. This tendency toward an increasing mobility of capital and multiplication of speculative facilities was more or less in direct conflict with the presumed anti-speculative activities of governments, agricultural pools, and other producers' cartels. This development deserved far more attention than it received at the time. In the produce exchanges markets grew up in Toledo, Minneapolis and Kansas City which vied with those of Chicago, New York and New Orleans. In Europe the same tendency was visible. The one-time monopoly formerly enjoyed in the securities markets of London, Paris and Berlin were sharply challenged by new markets springing up in Zurich, Berne, Stockholm, Brussels, and even extending over to quiet Madrid. The same was true of commodities in Rotterdam and Budapest, where "future" markets were established to compete with Liverpool and other Continental exchanges.

Then again the cartel movement and the spread of price pools made inroads upon the functions previously enjoyed by the organized markets. The best illustration is that of Copper Exporters, Inc., which operated to stabilize the price of copper. Sharply at noon every day the Secretary of the London Metal Exchange would mount the rostrum, survey the circle of brokers, and tapping a gong would say: "Copper, gentlemen, copper." It represented a ritual that has been gone through for generations, but he knew that there were barely three men present who had any copper to sell, and that they were all the regular agents of Copper Exporters, Inc. There was no action. At 10 minutes past 12 he would again tap the gong and say: "Tin, gentlemen, tin." Business would start with a rush. Tin, thank God, was uncontrolled!

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Many of the above experiments came in with the much heralded "New Eras" and after spending their force led on to other unbridled attempts at artificial economics. Now all "New Eras" have a deadly habit of becoming humdrum again. But we do not always go back to the same situation, as we have seen, that existed prior to the creation of the artificial condition. We usually go back further, while the duration of our discomfort

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is extended over a longer period of time. The same is true of all past abortive revivals, such as those of 1895 and 1909. There seems to exist a persistent illusion surrounding man's economic affairs that forever leads politicians and many business leaders into the belief that by merely tampering with the "price" structure they can correct almost any economic ill.

During the past forty-eight months the business community of America has been presented with an abundance of plans and projects for their delectation and consideration. These plans have originated from authoritative economic, practical business organizations, labor bodies, and innumerable individuals. Among them may be listed those of the Chamber of Commerce of the United States, Stuart Chase, Frederick H. McDonald, Mary Van Kleeck, Senator LaFollette, New York Advertising Club, Federation of Labor, H. Gordon Selfridge, M. C. Rorty, Charles A. Beard, Henry S. Dennison, Associated General Contractors, Benjamin A. Javits, George Soule, Gerard Swope, Fred I. Kent, Albert Lytle Deane and Composite Economists' plans. Foremost, of course, among this list of miscellaneous suggested experiments stands the exhaustive and comprehensive recovery plan of the Administration in Washington.

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All of the plans and present attempted broad-scale experiments are fully aware of the prevailing concepts underlying all economic effort. They know that wealth and its product has come to be the outstanding material factor of modern life. They know that its attainment means an abundance of goods and services for the population to use and enjoy. That its acquisition has supplied the chief reason for all business enterprise. They also know that ours is a pecuniary society. That notwithstanding the various motives of men, their affairs must be so ordered as to make it essential that what they receive for their goods and services shall exceed their expenses—or they will be denied the further opportunity of independent service. They know that under the existing system business enterprise can serve the community only on the condition that its operations shall yield a profit. By this test, and by this test alone, is the present survival and well-being of all our economic effort measured. And they know that the instrumentality of money as an effective means of social control and possible coördination constitutes an outstanding conditioning factor.

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Theoretically, the organization and system required for the fulfillment of this purpose has been one of simple exchange of the products of labor. For example, the workers, including employees and employers, in shoe factories are engaged in making shoes for all workers in all other employments. The workers in textile mills are making cloth for all other workers. The workers in the fields are growing food for all other workers, and so on through the whole gamut of endeavor. In effect a man gives so many hours of labor in one industry for so many hours of labor in another industry. So runneth the theory. But in actual fact the man-hours, insofar as their monetary return is concerned, has rarely been so perfectly balanced.

For nearly one hundred years we have been repeatedly told that we could only consume more by first producing more. That demand expands with supply, that consumption expands continuously with production. But strange to say, we have only lived to discover that we are now consuming less because we have produced too much. Labor saving devices, technological improvements, to be sure, have been just what their names imply. They have saved labor. Saved costs. And correspondingly reduced consumption in exact proportion as these "costs" have been reduced. But it is not an absolutely imponderable thing completely incapable of solution.

Regardless of the many points of view, and varying methods of approach, recovery from the present level has implied to all the following major objectives: *First,* rehabilitation of the national income through the restoration of a free flow of goods and services throughout the economy in an amount and distribution sufficient to maintain the population upon a reasonable level of efficiency and security; *second,* the restoration, or creation, of a state of balance between the major industries and agriculture; and *third,* the ability to stabilize this balance and income-flow once it has been attained. That these outstanding objectives constitute our major problem and immediate task there can be but little or no disagreement. As to the possibilities and socio-economic costs of their prompt achievement there exists an abundance of divergent and conflicting opinion.

If we have been correct in our diagnosis of these objectives, the problem then resolves itself into that of ascertaining the full magnitude of change such a program implies, the essential adjustments among the individual industries that are yet to be made, the flexibility and utility of the factors to be employed, the possibilities of stabilization once the adjustments are made, and the extent and duration of time that such a comprehensive program may be expected to require.

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He would be foolish, indeed, who would attempt anything more, at the present time, than a cataloguing of the major objectives and of the general broad results that may be expected to grow out of their application. Thus without engaging ourselves in any critical comment as to the particular philosophical coloration of the underlying concepts behind the Washington Administration's procedure, our speculation can be reasonably projected from a foundation of past experience resting upon a fulcrum of factual record. It must essentially employ a series of assumptions that appear valid at the present time, but that are to be considered, in themselves, as subject to later modification.

To anyone familiar with the flow of income from producers to consumers, and both directly and indirectly back into productive quarters again, and also with the major germinating factors making for its generation, a reasonably accurate estimate covering a short span of years can be made. The total national income for this year 1933 will probably stand at approximately 36 billions of current dollars. This is about 60 per cent below that of the total income in 1929, or almost the exact equivalent of the total income for the year 1914. If, then, all of the present plans of the Administration can be carried out successfully and without serious interruption or obstruction, with the provision that the total income flow can be stimulated and accelerated at the most rapid rate hitherto known to the history of the American economy—the total income should stand, by 1936, at about 60 billions of current dollars, or slightly less than that of the total income in the Depression year of 1931!

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The above estimate is based upon an expectancy of a repetition of the war-time inflation experience when the national income practically doubled, under the stimulation of inflationary measures and war orders, within a period of five years culminating in the severe decline of 1920. This estimate presupposes a concurring rise in the general cost of living of approximately one-third that of the present level. It is to be most devoutly hoped that this maximum income level may be attained during the ensuing thirty-six months. That it may appear unsatisfactorily low in view of present buoyant hopes is due rather to the extremely low levels to which the great American economy has fallen. That it will even reach this tentative figure by 1936 is extremely problematical. The problem confronting the American people is that of adjustment to these relatively low levels.

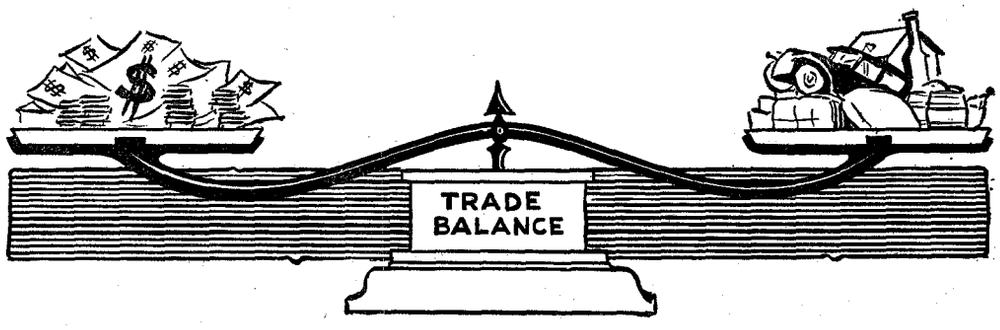
It will be remembered that during the same period that this restoration of the total national income is under way, an attempt must also be made toward a restoration of balance. This factor of balance is of even more difficult performance. What is balance? And how, and who, shall determine it? In any adequate study of a reasonable degree of balance we are immediately confronted with a highly complex series of interrelated factors. The first of these, in a rapidly changing industrial society, is that of agreement upon the constitution of a "normal" period. Next comes the highly speculative problem of the individual industry's "rate" of growth as related to the "rates" of growth of other industries, also the interdependence of these rates of growth upon one another. Of course, these rates may be obtained, and their relationships analyzed. We can then determine the representative normal, or satisfactory years. We may average the results of several generally accepted "good" business years and employ the resulting percentage distribution of total revenues among the major industrial lines as representing a "fair" measure of normal balance.

By such calculations, adjusted in accord with existing codes, rates and prices, the degree and magnitude of unbalance can be readily observed. If we take the average of the years 1909, 1919 and 1926 as a fair measure, or the years 1923-1926, it then appears that the adjusted balance will be chiefly at the expense of distribution, banking and the public service utilities, with the greatest adjustment falling upon the field of retail distribution.

Any restoration of balance would mean an acceleration in the total revenue of agriculture, transportation, mining and construction and the hand trades. The largest restoration must naturally go to agriculture. Can we augment agriculture's cash returns to the extent of 18 billions of dollars in the next few years? That is what it will take to restore balance. If we can, what will happen when we start the program of stabilization? What will be the effect upon profits? These are problems awaiting a solution within the next few years.

It should be clearly kept in mind that the income of the people is generated only through spending. That the total annual expenditures of all producers, institutions, governmental units and consumers constitutes the total gross receipts of all enterprise. That the total reciprocal wage, salary, pension, interest, rent and profits constitutes the total annual national "dividend." And that it is this national "dividend" that becomes the national income. The consuming power of the American people is simply their total income divided by the prices of the goods and services they buy.

Whether that which has already happened, or is about to happen, constitutes a prelude to a better order of things to come is still unknown. But that there is confronting America today a somewhat rapid, deep and penetrating social change, there can be but little doubt.



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Calamity, With Sound Effects

By Rupert Hughes

Rupert Hughes, novelist and authority on the motion picture, writes that one calamity was not enough for the extravagant movies. He describes the series of catastrophies which has befallen the industry and indicates a possible future.

"LAUGH, clown, laugh!" is good advice, but it is good only up to a certain point. Even a clown cannot be expected to laugh at absolutely everything in endless succession.

It was not a movie-man but a cattleman whose sense of humor withstood the ultimate climax of misfortune, and he saved it for the last. You know the old story, of course, about the rancher who chanced to be absent from his great and prosperous establishment during an Indian raid. Riding home across his thousands of acres, he was startled to find all of his far-grazing cattle dead on the hillsides. Spurring further, he found his planted crops all burned. In his corrals all his horses were dead. Topping the last rise, he saw that the flames were just devouring the last of his barns; his house was a smoking ruin. As he toppled from his mustang at his gate he saw his wife, children, and all his help lying about full of Indian arrows. Whereupon he exclaimed—being a man of few words and at a time when one word was as good as another:

"Well, isn't this perfectly ridiculous!"

That is the old story; and a hasty gallop across the movie landscape and possessions would justify a similar comment, if the sense of the ridiculous had not been pretty well exhausted in the first of the movie cataclysms.

For the movies had two major catastrophies. Trust them, with their habitual lavishness to put on two panics where one has been quite enough for the other industries to indulge in!

Yes, the movies were enjoying a first-class disaster at the very time when the other industries were rollicking gaily up the steeps of prosperity like a flock of giant sheep toward the grand plunge over the precipice of October, 1929.

Of course, agriculture had been in the depths for many years before, but the farmers and their banks had gone down into the deep valleys and stayed there. The movies, however, had held high carnival from their humble beginnings. They took a fearful beating in 1926, rose again and joined the mad upward rush just in time to be in on the universal crash. But their restless souls do not permit them to take anything lying down and they are calling every new disaster the last, trying to accept it as good medicine, and still pouring forth pictures and preparing for prosperity's return.

If there is anything devastating that has not happened to the moving pictures of late it is unknown and unimaginable at the present writing, but will probably have been imagined and made known by the time this speculation appears in print.

All the dramas, melodramas, tragedies, farces, Wild Western thrillers, crime stories and domestic problems that had crowded the screen as concocted and compiled by scenario writers and enacted by actors and directors paid by producers, were suddenly rolled back upon the producers and their bankers; and they found themselves starred in the action, with their employees as minor characters and extras.

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It would be silly to speak of motion picture people as ever being carefree. The very nature of their task keeps them in a constant state of worry, if only over the problem of how to dress a heroine so that she will look fashionable six months hence; or such acute matters as just what a very nice girl would say, or do, under a given (or taken) set of circumstances.

But, in a general sense, the pictures were in a glorious state that looks like paradise from here, when, in 1926, a little cloud appeared on the horizon. They had swept the world with such a rush that Hollywood and its people were possibly the best known and most influential town and citizens in the world's history. A vast amount of the populace took its movies with a regularity rivalling its meals. It liked some pictures better than others, but never thought of staying away from the cinema any more than from the table. Then, more or less by accident and somewhat reluctantly, the Warner Brothers put out a talking picture. When I saw that first sound picture, I said with typical prophetic accuracy:

"That's the talkie to end talkies. We'll see no more of those horrible things, thank God!"

The next day there was a line a block long outside the box office. The queue grew on successive days till it was necessary to serve sandwiches to keep the prospective customers from dying of starvation and fatigue before they could reach the ledge and lay down their coin.

From that day the public, like a spoiled child catching

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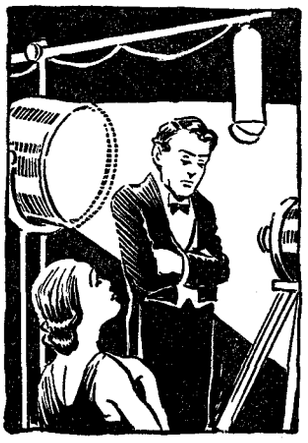

sight of a new toy, flung aside its dear old rag doll and refused to play with it any more. The public demanded talkies and nothing else. The Warner Brothers, as amazed as anyone, hastened to take advantage of their head start, and the rest of the companies had to come tumbling after, paying heavy royalties for the sound machinery, or devising new methods at sickening expense in order to keep up with the new craze.

It would be hard to invent a more complete and sudden revolution. Years of experiment and experience and expenditure were annulled instanter. Stars of worldwide fame and immense box-office value were suddenly heard and found wanting, found as unpleasant to the ear as peacocks. The writers, scenarists, directors who had laboriously evolved a technic of presentation by the camera along with interspersed moments of reading matter, were abruptly reduced to a fresh start from scratch. They had to tell stories in dialogue.

In a frantic search for actors who could put scenes across vocally, the speaking stage was raided, and actors imported at vast expense in transportation, salary, testing and coaching. Many of these turned out to be as unattractive photographically as the silent stars had proved to be phonographically; for an actor or actress who is a vision of beauty in a single photograph may turn out to be unendurably awkward, ill-mannered and offensive when seen in motion.

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Furthermore, the studios had to be rebuilt with soundproof walls. New cameras set up in silencing cupboards had to be purchased. The first of these were cumbersome and costly to a maddening degree. The sound-recording equipment was appallingly expensive and tricky.

The theatres had to be "wired for sound" at a staggering cost. Many of them were, of course, still new and still unpaid for and in no state to meet this added burden. This was the movie panic of 1926. The cost in cash was a cool half billion dollars; the cost in time wasted, nerves wrecked and careers blasted was beyond computing.

Worst of all, that public which had taken almost anything the studios might pour into the neighborhood houses or the gigantic "cathedrals"—that public abruptly decided to sit at home and wait till the experiments were finished. Instead of a vast and dependable population that could be relied upon to visit the theatres three or four nights a week almost regardless of the individual pictures, a diminished clientele, very whimsical in its tastes, began to shop around, to stay away regularly, and to seek other methods of killing its evenings.

At best the industries that appeal to public taste must gamble heavily, but the motion picture companies were subjected to a series of catastrophies that piled up ruins and changed the whole landscape. Though this cataclysm was nobody's fault, everybody had to pay it. The executives received little sympathy from any source, and much ridicule from the professional critics. Yet there was heroism and ingenuity on a grand scale in the rapidity with which they met the complex emergencies.

The motion picture industry, like the streetcar, gas, electric and other utilities, must spend its money in millions and collect it in dimes. It seemed wise, and it was inevitable that the capitalists who were drawn into the rich fields should be tempted, to eliminate competition, consolidate resources and coördinate the various phases of the connections between producer and consumer. The studio had sold to the exchange; the exchange to the theatre-owning exhibitor; the exhibitor to the public. If the same company could own both studio and theatres, huge economies could be effected.

So the bankers backed the purchase, or the building, of chains of theatres for the picture makers, and the motion picture world went into the era of consolidation along with the other major industries. It appeared to violate the anti-trust laws and the laws against activities in restraint of trade. The movie magnates became figures of national menace and were brought to trial in the Federal courts with little result. In their zeal to recover from the setback of that half-billion talkie drain, they plunged into the building of vast temples in minor cities. There was the usual ruinous rivalry and millions were chucked haphazard into the gamble. As women dress, not for the delight of their suitors, but for the chagrin of their rivals, so financial giants seemed to build theatres, not for the entertainment of audiences, but for the embarrassment of one another. The cry soon rose that most cities were "over-built, over-theatred, over-seated."

The fact that the same sort of thing was almost universal where profit was tempting, did not save the picture people from denunciation and derision. Parallel railroads fought for a divided business, neighborly department stores jostled one another, branch banks spattered the maps —everywhere there was witnessed a monstrous cut throat competition from palaces to hot dog stands. As Will Hays said to John D. Rockefeller, Jr., "The movies aren't the only sinners. The only thing that has kept people from building five filling stations at every crossroads is the fact that there are only four corners there." And Mr. Rockefeller found an unsuspected bond of sympathy for the cinema. He has found many others since the mountainous Radio City suddenly put the Rockefeller name in the moving picture business in the same way that the haughty banker of the old story found himself in the cloak and suit business.

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Ridicule was not needed to increase the regret of the motion picture magnates when they found themselves with vast chains of empty theatres, unpaid for and unwanted, on their hands. Their calamity was conspicuous even in those calamitous times.

In spite of their Waterloo, the motion pictures continued to be a necessity throughout the Depression. The helpful diversion they have given to a despondent populace has had incalculable effect upon public morale.

We must not be too easily misled by those who revile everything that is not "high art," according to their own standards. Even if the moving pictures are only an industry, and not an art, as some allege, that is not the insult, or the damnation they assume; for, after all, an industry may be an honorable thing, and an industry that deals enormously in thrill, romances, mysteries, tears,

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laughter, may be of more actual benefit to the world than a small output of perfect sonnets, cryptic free verse, esoteric criticism and cubistic or other whimsies in painting and sculpture.

The motion pictures are rapidly recovering from a state of almost utter bankruptcy, with threats of complete paralysis. They were torn by dissensions within and shaken by earthquakes without. Yet they were not in any state approaching despair, for it is inconceivable that motion pictures should cease to be made, and the questions are merely: who will make them; who will show them, and who will act as middleman between producers and exhibitors?

It was inevitable that many personages of preeminence should be lost to view in the readjustment, and many new men and methods shoot to the fore and flourish until some new shake-up shakes them down—and out. There are many reasons to believe that the output of pictures will not suffer by the new spirit. They should be improved if only because there are now fewer cooks, crowding about the broth.

I have no desire to distribute blame, or condemnation, for the current state of affairs. I have trouble enough explaining the state of my own affairs and my own sins of commission and omission. But a picture of the gigantic extent of the disorder is perhaps worth sketching, and it may be well to keep it in perspective with other disasters of the time.

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There had been ugly stories of looting, of illegitimate padding of expense accounts, of favoritism, nepotism, of the voting of outrageously large salaries, of bonuses and percentages pocketed by officials supposed to be in the service of the stockholders. These charges may, or may not, have been true in individual cases, but even if they were, they merely conformed to the woeful crookedness so conspicuous and common in American Big Business everywhere. If the moving picture people had not committed these sins they would have stood alone. This is not a plea in justification, but it is what the French called in the Dreyfus case a verdict of "guilty of treason with extenuating circumstances." Vast sums of money are a heavy temptation when they can be juggled and manipulated so that the profits may fall into private pockets while the losses are divided among the mob of stockholders.

The magnitude of the sums involved in the motion picture industry is probably not half appreciated by the public. A few figures may be interesting as showing what colossal structures grew out of the first little kinetoscopes and the first nickelodeons. Staggering as the figures are, there is something magnificent in the courage, even of desperation, that has held the various companies to their tasks through the storm. They have continued to turn out pictures, keeping thousands employed and millions entertained. The measure of this—why not be generous and call it "valor"?—is found in the immensity of the losses endured by nearly all the companies.

Take first the organization that suffered least: Loews, Incorporated, which includes the Metro-Goldwyn-Mayer Company with its subsidiaries and affiliates. In its annual financial statement, as of December 10, 1932, which is presented not for statistical but merely as a typical display of big figures, we find such sums as these:

Property, buildings, equipment, land, etc.... (in 1929 it was $65,336,098)	$71,469,780
U. S. Government Securities.....	5,527,313
Inventories: productions in work and released; books, rights, theatre and studio supplies	22,560,309
Total Assets	124,784,946
Among the liabilities were these:	
Common stock represented by 1,464,205 no par shares	36,576,580
Preferred stock	13,276,966
Bond and Mortgage subsidiaries.....	20,482,767
Federal and State Tax.....	821,149
Profit and Loss Surplus.....	33,562,787
The Consolidated Operating Statement.	
Gross Income ..... (In 1929 this was $116,201,937) (In 1930 this was $129,521,059)	107,416,036
Expenses, amortization, etc.	93,289,960
Depreciation of buildings, equipment, etc. ..	3,850,915
Federal Taxes	986,943
Net Profit	7,961,314
From this common dividends had to be deducted leaving a total net profit of.....	2,965,174

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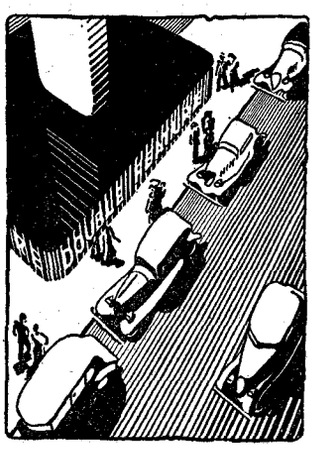
Columbia Pictures also showed a profit of $6,395,399 before the amortization of film, interest charges and income tax, which cut it down to a net of $574,292. Half a million net profit in these days is something to brag about.

The Fox Film Corporation had gone through titanic financial storms, which Upton Sinclair has vividly described with his usual sympathy for capitalists and bankers. This corporation's operating statement of December 12, 1932, showed a gross income from sales, rent, etc., of $47,617,795 as compared with $65,078,423 for 1931 and $73,397,453 for 1930.

The operating expense was $33,062,022 as compared with $40,852,217 in 1931. The total net loss for the year was $10,376,211 as compared with $2,851,907 for 1931, and $8,280,552 for 1930.

Warner Brothers Pictures, Incorporated, in its report for the fiscal year ending August 27, 1932 listed current and working assets at $14,904,263, of which $2,928,645 was cash on hand. Adding unfinished and completed, but not released, pictures as assets and good will at $8,695,674 the total assets were set at $182,727,759 as against the previous year's assets of $213,857,452. The net income before amortization and other charges were deducted was $23,045,518 against $36,000,383 of the previous year. In spite of drastic reductions in salaries and other operating costs the net loss for the year was placed at $4,794,508 as against a loss the year before of $7,918,604.



There must be astonishing vitality in an industry that can keep going with losses of such amounts.

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Universal Pictures Co., Inc., and subsidiaries reported in October, 1932, current assets of $8,453,871 compared with $8,727,653 the year before. For the nine months ending July 30, 1932 the net loss was set at $759,646 after the deduction of $6,089,850 amortization of negatives and $450,535 depreciation of capital assets.

RKO (Radio-Keith-Orpheum) was described as "a corporation principally engaged in providing financial assistance to its 90 subsidiary corporations engaged in film production, distribution and exhibition." This company went into receivership and the preliminary report of the receiver published February 18, 1933, showed assets of $76,124,794 as against current liabilities and funded indebtedness of $16,239,708. The assets of RKO consisted mainly of accounts, notes, mortgages, and investments in capital stocks of subsidiaries. The liabilities consisted of about half a million dollars payable to its subsidiaries together with accrued taxes, etc. The funded debt consisted of debenture, and gold note issues, bonds, etc.

RKO's losses on production and distribution for 1932 were, according to unaudited balance sheets, $4,075,834. The unaudited losses on the theatres controlled were $3,669,504. The preliminary report of the receivers expressed a belief that the company was in such a liquid condition that any upturn in business would be immediately reflected in the company's financial situation and would so help the subsidiaries' affiliates that the parent company would soon be in a favorable position to take advantage of returning prosperity.

The Paramount Publix Corporation was placed in the hands of two receivers, Charles D. Hilles and its former president, Adolph Zukor, who had risen from very modest beginnings to a fortune estimated at over twenty million dollars. He left the presidency during a period of attempted recuperation but came back in time to be made one of the receivers in a short-lived attempt to put the company on its feet. The receivers in equity made, on March 3, 1933, a report to the first meeting of creditors. In the course of the report they gave a brief history of the corporation, a history so striking, though it had a sad ending, that it may be taken as a fair example of the amazing rise, and fall, of all the big companies and save us from the need of reciting the tragic stories of the other sufferers.

In July, 1916 a combination was made of the Famous Players Film Company (incorporated in Maine by Adolph Zukor and his associates) with the Jesse L. Lasky Feature Play Company, Inc., of California, founded by Jesse L. Lasky, whom I first met when he was producing vaudeville sketches on such a modest scale that he did not feel able to guarantee me twenty-five dollars a week royalty for a one-act play that interested him. Whether it would have interested the public or not will never be known.

Jesse Lasky had taken up with a struggling actor and playwright, Cecil de Mille, a successful glove-maker now world known as Samuel Goldwyn, and others. They worked in a village called Hollywood on the outskirts of Los Angeles.

The combination known as Famous-Players-Lasky promptly absorved the Bosworth, Inc., the Oliver Morosco Photoplay Company, and the Paramount Pictures Corporation, which controlled a number of film exchanges. The name was changed ten years later, in 1927, to Paramount Famous-Lasky Corporation, and in 1930 to Paramount-Publix Corporation. In 1932 Jesse Lasky ceased to be first vice-president of the corporation, but Adolph Zukor retained his presidency.

From the start the company made profits of such increasing magnificence that the audited account for the year 1929 showed a consolidated profit, after depreciation and Federal taxes, of $15,544,544.33. The next year, though the panic had been raging fourteen months, the profits increased to over eighteen million dollars. Even in 1931, notwithstanding the continued strain of hard times, the profit was over six million dollars. In 1932 the pendulum swung to the left so far that in the nine months ending October 1, 1932, the loss was $7,553,411. Allowing for the depreciation of fixed assets the loss was nearly sixteen millions.

Up to this time the corporation had been engaged in the operation of theatres as well as the production of feature pictures, though short subjects were handled by subsidiaries or independents, and foreign production activities were carried on by partly or wholly owned subsidiaries. Domestic and also foreign distribution for its own and for outside productions was made through its own directly owned film exchanges or subsidiaries.

Early in 1932 the gossip began that Paramount-Publix was one of three major companies doomed to speedy receivership. Everybody said that unless the theatres could be jettisoned, and attention given solely to the production of pictures, there was nothing but ruin ahead. The only way to be rid of the theatres and of many fatal contracts made in boom times was through receivership or even through bankruptcy.

But Paramount disappointed the expectations by a drastic reorganization. The activities and the assets relating to the making of pictures were assigned to a new subsidiary called the Paramount Productions, Inc. Distribution was given over to the so-called Paramount Pictures Distribution Corporation. Foreign distribution and the stock of the foreign distributing companies were transferred to the Paramount International Corporation. The stock of all three companies was acquired by a so-called subsidiary, Paramount Pictures Corporation. Paramount-Publix disappeared from the map.

All the while the tangled affairs had been growing more tangled as the world depression changed the landscape and the emotions of the world. It was small wonder that the distracted human race found itself unable to support its beloved fools, jesters and mummers. Everyman's budget and everywoman's household affairs furnished all the drama and suspense necessary.

During 1930 both production and distribution were still profitable. The next year the production costs increased though distribution brought in 14 per cent less film rental. The last quarter of 1931 was bad and the first three quarters of 1932 showed a further decrease of 27 per cent, and a very severe operating loss. In spite of discouragements, the quality of the pictures was improved at this time and there was a betterment in production and distribution conditions.

But the theatres were millstones about the neck of the struggler in deep water, if one can imagine 1,751 millstones about one neck! Paramount-Publix owned directly, or indirectly, no less than 450 theatres and theatre-holding companies and had an interest in more than 1,100 theatres in the United States, 175 in Canada and 26 in other countries. These theatres were managed since 1925 by the Publix Theatres Corporation, a wholly owned subsidiary

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of the Paramount-Publix. During 1930 these theatres showed a profit, but a diminished gross. In 1931 there was still a little profit, though the gross fell again. In this year a crisis was precipitated by obligations previously entered into to purchase money obligations and repurchase stock for cash. In 1932 there was a sickening drop of 24 per cent in the gross and the profit went over to the minus side. There was no way of reducing the crushing fixed charges. The edge of the abyss was right under foot.

At this desperate moment the vastitude of the company was astonishing. The tentative balance sheet of Paramount Publix on the last day of last year showed assets having a book value, after reserves, of more than 150 million dollars with liabilities other than Capital Stock and surplus of 47 millions. The cash on hand had "declined" to $399,545.26 before the receivership, but soon after rose to $711,381 with accounts receivable of $753,536. But of the accounts receivable $456,210 was a claim against the Fox Film Corporation, which was in no promising shape to make payment expectable.

The total book assets of the company were 150 millions, of which 120 millions were represented by advances to, and investment in, subsidiaries and affiliates. Some of the theatre holding groups were still doing profitable business, others were in receivership, or on the way there. The Famous Players Canadian Corporation, representing an investment of 17 millions, had actually made a profit for the year of $154,289.

Liabilities of various sorts piled up in millions. Among them were obligations to twelve banks, called the Bank Group, which had endorsed notes to the amount of over thirteen millions. In an effort to quiet the Bank Group, Paramount sold to a newly organized wholly owned subsidiary called Film Production Corporation twenty-three feature films for cost, or, $6,777,000, and future net rentals of $3,323,000. The Bank Group also agreed to purchase certain additional notes to the amount of $3,875,000. Paramount Publix Corporation was to be employed to manufacture these films and to purchase from Film Production, the world distribution rights.

It makes my penny-paring brain dizzy to read about these jugglings from Peter to Paul and back and forth among all the disciples and apostles. I get lost in a blizzard of flying ciphers and I don't know whether I am talking about an affidiary or a subsiliate. But I am not the only one bewildered, for no less than seven thousand lawsuits were soon in the courts attacking all this magnificent manipulation, the thrusting about of all these impaled pythons.

I am not surprised to note that Mr. Hilles and Mr. Zukor finally called for help, and on March 14, 1933 asked the Federal District Court to be kind enough to listen to a voluntary petition in bankruptcy for the greater advantage of the creditors and stockholders of the Paramount-Publix Corporation. This petition does not concern the Paramount Productions, Inc., nor the Distributing nor the International Corporations, all of which were declared to be solvent and continuing in the business of producing and distributing pictures.

Meanwhile there towers on Broadway, New York, a monument of these complex affairs: the great Paramount Building owned by the Paramount Building Corporation a wholly owned subsidiary. It was in 1926 that the subsidiary issued ten million dollars in gold bonds secured by a mortgage and leased the whole building to the parent company. Nearly nine millions of these bonds were still outstanding and a committee of the owners was trying to rescue something from the flood.

In 1931 there were no less than 21,284 moving picture theatres in this country, about 14,000 of them equipped for sound. They have a seating capacity of no less than 12,143,761. If they were run to full capacity ten hours a day they could seat the entire population and give it a full show in two days. As a matter of fact in good weeks, a hundred million people have visited the moving pictures, some of them more than once, of course. A disaster to the pictures is manifestly a shock to the entire populace. It would be hard to think of any other interest that affects so many people. Church attendance and even the attendance on sports do not approach such figures.

Of these 21,000 theatres about one third are now closed. In some sections more than half are dark, in others much less than that, but even those whose projection machines still purr rarely see a full house, and a line at the box-office is even more rarely seen, though attendance has increased of late.

The total capital invested in the motion picture industry was estimated on January 1, 1931 at about two billion dollars. The number of people employed in producing pictures was estimated at 30,000, the number in their distribution 10,000, the number employed in theatres at 250,000—nearly 400,000 altogether.

The importance of the pictures in keeping up other industries was shown by such facts as this: in 1931 about 15,000 advertisements were published daily and the industry expended for advertising and exploitation about a hundred million dollars. The United States produces about 65 per cent of all the pictures produced in the world, and their commercial value is estimated at about 85 per cent.

The rescue of the pictures from complete collapse means much more than the salvation of a group of actors, managers, and theatre-owners. It has an indirect bearing on the financial prosperity of nearly everybody, including many of its enemies, including even the censors, and not forgetting the tax collectors, who have found the moving picture industry a stranded whale helpless to resist any attack. During the earthquakes that have rocked the moving picture world, the actors, the technicians and the laborers have been intensely interested spectators and participants. They shared in the boom days, the high prices and the fantastic wages. They were encouraged to make investments in homes, securities and luxuries and it has not been easy for them to face the sharp slashes that have perforce been made in their expectations. Those who had iron-bound contracts were persuaded to alter them by the menace of bankruptcy. Those whose contracts lapsed had to renew, if at all, at a lower figure. The free-lancers suffered as the scales of remuneration joggled lower and lower. There were some bitter battles over the cuts, but the persistent and prolonged depression forced the stubbornest to listen to reason.

The coming of the talkies was as dire a blow to the actors as to the producers, since it enforced the shortening of production time. On some silent pictures like "Ben Hur," "Hell's Angels" and others some of those associated drew salaries for from one to three years. It was not at all uncommon to draw salary for six months. The talkies were too expensive for such dilly-dallying. Dialogue had to be agreed upon in advance, rehearsed, learned and delivered as written, with little allowance for retakes.

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During the lowest stretches of the Depression one of the studios demanded that pictures be finished in sixteen days.

The sudden bank holiday of March caught the Hollywood studios in a plight, for they got their payroll money from the New York offices and there was no way of transferring funds. While they were at it, the desperate movie magnates demanded a fifty per cent cut as an addition to the numerous cuts that had been made previously from time to time. Those were sensational days for the purveyors of sensation. With their banks closed, they were asked to forego half their salary for eight weeks. Some offered to work four weeks for nothing in order to keep their old prices pegged. But most of them dismally yielded, glad to get even the promise of something for the future.

Then the labor unions concerned with studio tasks refused to accept any cuts whatsoever and threatened to walk out. This meant a total shut down and threw the actors and writers into a new turmoil. The producers demanded arbitration with labor unions and the outcome was a continuance of activity until the moment of this writing when a great strike is really on.

In spite of these successive calamities the studios staggered on, and the business this year has been estimated at two million dollars a week better than last summer. But last summer's business was three million dollars a week below normal. Still, it is something to be better than the worst, and the picture people are all full of trust in the future. They have shaken off many of the millstones. During the month of July, 1933, the Publix Theatres of New York was booking pictures for seven houses against 1,100 houses that did a gross of $45,000,000 in 1930. But this was accounted a gain since there was no comfort in booking pictures for a thousand theatres all of which lost money.

One of the surest signs of returning prosperity is labor trouble. The motion picture producers were frightened by the Bank Holiday catastrophe into agreements looking toward a lessening of the throat-cutting tactics of their golden days. Among other things they decided to organize a Central Bureau to deal with directors, actors, authors, and others in a way to prevent so much competitive bidding. This amiable plan to put an end to mutual war among the producers was a fire alarm to all the other collaborators in the manufacture of pictures. To them competition is the life of trade and the source of high salaries. The Academy of Motion Picture Arts and Sciences seethed with the frenzy of its various elements. The writers broke off and, reviving the dormant Screen Writers' Guild with a rush, re-established it as a militant organization binding practically every experienced writer in a union so strict that the directors may penalize any member to the extent of ten thousand dollars for a breach of discipline. It has already 438 members. The actors, directors, and technicians proceeded to organize similar groups.

Suddenly the "sound men" at Columbia struck. Columbia closed down without a struggle, seizing the strike as an opportunity to cancel a number of onerous contracts. The strike spread to other studios with the calling out of other unions and the threat to close all theatres.

It is regrettable that the strike should have coincided with the jubilee of NRA and the carnival of re-employment under new codes. The forty-hour week is a difficult thing for so irregular a business as motion picture production to cope with, but codes have been agreed upon and accepted and pictures will be turned out somehow. Many critics will say that they could not be worse than they have been, but critics also must live. Or at any rate they do.

There is an old quip about the imbecility of demanding that "the drivers of fat oxen should themselves be fat," but it is perhaps reasonable that the producers of so much artificial drama, turmoil, farce and tragedy should expect to find their lives affected by the nature of their wares. The moving pictures have weathered many storms and will undoubtedly weather more. The return of prosperity will bring the throngs back to the theatres; the theatres will plead for pictures, and the producers will plead for actors and writers. In many ways the new dispensation will see some of the old evils gone. But new evils will spring up, new causes of discontent. The critics will not be allowed to starve for lack of material. They can always fall back on their mottor: "Whatever is, is wrong."

As for me, I do not feel so competent as some writers to play Rhadamanthus and condemn these fallen Titans to infamy. Having never had the opportunity of being tempted to steal, or even mismanage, a million dollars, I cannot say what I should have done with a dozen million. But whatever else one may feel about these men and these millions, there is no denying that the struggle has been epic. Homer's heroes were full of faults and even his gods were pretty shady in their performances. But they fought grand fights. I have known so many moving picture producers so well personally, and have found them so lavish with their generosity both of money and of opportunity, and so amiable even in the fierce quarrels I have waged with them, that it is impossible for me to think of them with disdain or condemnation. Thanks to their audacity and genius, thousands of writers, actors, artists in every field have been lifted from poverty, or mediocrity, to wealth and worldwide fame, while being allowed to carry on their personal careers as they pleased. Their harshest critics have never refused their money.

Thanks to the giants who made the movies what they were yesterday and will be tomorrow, hundreds of millions of people have had not only diversion of every sort, but education in countless valuable fields, education in good taste with examples of bad taste in furniture, manners, speech, dress, even in the graceful expression of passion and the making of love. The movies have taught the world not one sin that it did not practice before, and they have enabled the humblest and the most remote to see and hear the great figures of the day as well as to watch the conduct of romance and tragedy in the most beautiful places. They have pleaded for human sympathy and enriched it inconceivably. Let these things be adduced in their favor as the dark theatres glow and resound again; for never in the history of the world has there been so wonderful, so stupendous a development in a field which, at least at times, has been devoted to high art in human expression.

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Wanted—An Index to Prosperity

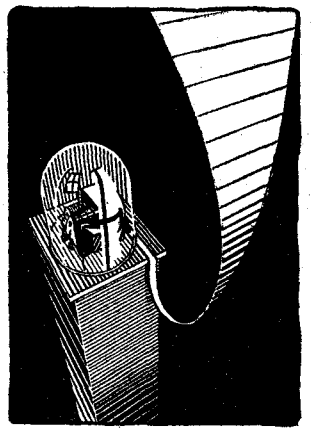
By Jay Franklin

Can we really tell from car-loadings, stock sales, and bank clearances how glad Americans are to be alive? In disputing the value of these indices, Jay Franklin proposes a new index of human misery.

IT is an extraordinary commentary on American politics that we enter upon the fourth year of the Depression—for the warning drop of employment commenced in the summer of 1929—and what we hope may be the first year of the recovery from that depression, without any reliable guide to the economic sufferings, or satisfactions of the American people.

The new Administration, under Roosevelt's humane and vigorous leadership, have concentrated on the task of relieving human misery. One would expect, therefore, that it would be sound politics for the New Dealership to emphasize the numbers who are recipients of relief. On the contrary, it is one of the jealously guarded secrets of the Emergency Relief Administration which functions at Washington and administers a $500,000,000 fund under the direction of two energetic, liberal and humane young men. I am familiar with the accurate figure of those Americans who are entirely dependent upon dole in the United States, but am not at liberty to cite it. It is a figure which would surprise and shock the public for the dole-supported population thereby represented is greater than the entire population of many foreign nations.

Considering this fact it becomes apparent that there is urgent need for the accompaniment of the familiar economic statistics by some unfamiliar human statistics which will balance the facts of physical production with the facts of human behavior. Too long have we measured our welfare solely in terms of the number of pig-iron ingots produced, the value of unfilled orders at steel plants, the millions of bushels of wheat and corn, the thousands of bales of cotton, the sales of automobiles and the price of stocks listed on the New York Stock Exchange. The very fact that the Depression arrived like a thunderbolt in the midst of the highest prices ever recorded for some stocks and in the midst of a tremendous volume of economic production should convince us of the social and political irrelevance of such criteria of human welfare.



Granting the need of steering clear of the type of statistics which would be the subject of immediate political racketeering—although it is difficult to see why even this objection should be sustained in the light of the political racketeering which has been built up around the rise and fall of stock quotations and commodity prices—there appears to be a demand for the prompt and broad dissemination of a new sort of social statistics. Whether this would involve the creation of new and expensive institutions is a matter which can easily be left until after we have discussed the sort of information which would serve as a sound political corrective to the statistics of familiar economics.

A student of American affairs was asked recently what he would look for as signs that the Depression was passing. He answered promptly that the signs were not easily accessible but that if he wished to know whether the people were desperate and suffering there were certain very definite matters which would demonstrate it: the number of evictions, the number of illegitimate births, the number of articles pawned or redeemed, the growth or decline of unnatural vice, the number of suicides. Information on these points, if made currently accessible, in compact statistical form, would show whether the people were socially happy and economically satisfied.

This bold proposal was promptly challenged by his questioner. "How can you tell anything by these things?" he was asked. "Every one of them would have to be critically analyzed before it would be significant. For example, a wave of suicides might simply mean that a spineless group of people had met with trivial misfortunes, while the subsequent absence of suicides might merely mean that the suicidally inclined element of the population had weeded itself out, while those who were left were suffering worse than ever. Decline in the number of articles pawned might simply mean that people had pawned everything they possessed. Decline in evictions might simply mean that the landlords had realized that they could find no other tenants. In this way, an increase in evictions might be the sign either of greater depression or returning prosperity."

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"Exactly," replied the expert. "That simply points the need for such statistics as I have mentioned. They would supply the basis for discussion, criticism and analysis. I never saw a Stock Market report that did not provide violent disagreement among experts as to the cause of market fluctuations. I never saw a business prospectus of a corporation report that did not demand interpretation.

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My suggestion is simply that if we had daily statistics on the subjects which I have mentioned we could begin to analyze the condition of the people themselves and educate ourselves in the basic factors which determine and illustrate public well-being."

On these terms, I propose that some branch of the Government, preferably the humanized Department of Labor, make it its business to collect and report daily, through the press, information which could indicate whether the human being in America is suffering, desperate, sanguine, or resigned. The task of analyzing and interpreting these figures, when published, would be a national education in itself.

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First, we really ought to know the number of human beings in this country who want work, who are able to work and who are unable to find it. A nation which experiences no difficulty in listing the number of its hogs, or in checking up on its steel production should be able to assemble the figures without material difficulty. Even the best estimates are no good for this purpose. We should know the facts daily. The initial shock would be serious, but we should quickly become habituated to the facts. Three years ago, we were shocked by the idea that we had six million unemployed; today we would be delighted to have such a low figure.

Then, we should have daily totals of the number of people who are dependent upon relief funds, both private and public. That total seems to be at least as relevant to our national problems as is the daily publication of the foreign rates of exchange. The *Monthly Relief Bulletin* issued by the Children's Bureau of the United States Department of Labor contains some admirable facts and figures on this point as does the same bureau's monthly News Bulletin on Social Statistics, but they are too detailed and too delayed for effective public consumption.

We should also have daily figures on pawn-shop pledges and redemptions. In France, where the government owns the Monts de Piete, this is practicable. It is one of the best measures, if divorced from monetary values, of the economic difficulties of the great bulk of people. It is infinitely more reliable than data on evictions and foreclosures, for legal restrictions and local political conditions can easily influence the latter figures. The essence of the social statistics which we desire are that they should reflect the actions of individuals in relation to their environment, rather than against other individuals. Thus the growth, or decrease, of crimes, even of crimes against property, might reflect simply greater or less police activity, rather than greater or less need.

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Also of merit would be the proposal to publish daily totals of suicides in the United States. Figures on suicides would have to be discussed very critically, yet it is certain that there is a close, if not an exact, relationship between suicide and economic welfare. The fact that the rate of suicide has shown a steady increase, until now more than 20,000 Americans kill themselves each year, is a significant evidence of the inadequacy of our way of living.

Why should not we publish every day in the newspapers the total number of children born in the United States during the preceding twenty-four hours, with a division between legitimate and illegitimate births? No one factor could provide a more effective commentary upon the mood of the nation, though naturally subject to regional, racial and seasonal factors. Thus we could expect the first effect of a serious economic uneasiness to be the reduction of births. This has in fact happened, the rate having dropped from 18.0 per 1,000 in 1931 to 17.3 in 1932 — a figure which means that there are 85,000 fewer babies in the United States than there would have been had the old rate been maintained. This represents over twice as many lives as we lost in the World War. One does not need to be a biological inflationist to feel disquietude at this decimation of our future population. There would, however, be correctives to these figures. For example, a sudden jump in the birth rate might easily reflect, not returning prosperity, but the impoverishment of the mass of people to a degree which forbade the purchase of contraceptives or which reflected a mood of reckless irresponsibility akin to the war-baby impulse.

The same thing, of course, is true of the marriage rate. The birth and marriage rates both declined in 1932. Yet a sudden bulge in the marriage rate might simply demonstrate that, in the words of England's war-time limerick, "There's one thing Lord Rhonda can't ration." The impulse to marry is strongest among people who are very poor, or who are very rich; only the middle-classes approach matrimony with economic circumspection. Nevertheless, daily figures for the number of marriages in the United States would be an indication of the trend of human hope for the future.

The divorce rate would be chiefly significant as an indication of prosperity. While it is subject to expansion through the easing of restrictive legislation, in general divorce may be regarded as a luxury. It costs money, and generally quite a lot of money, to obtain a divorce. The divorce rate has dropped since the Depression began. Weekly, or even monthly, divorce totals should be sufficient as a measure of social security.

There are undoubtedly many other items—the number of children in foster-homes and institutions, the number of visits made by people to free clinics, the number of calls paid by visiting nurses and physicians, the number of children in urban day-nurseries (reflecting maternal employment), the number of meals and beds furnished to transients, the rise and fall of juvenile delinquency, the cases of wife-desertion, and the like—all of which would cast light on the extent to which the human being was suffering. These facts are all available, in partial and periodical form at least, in the Department of Labor. They would, however, not be fully responsive to statistical treatment—too many qualitative considerations enter in. The number of deaths each day, for the same reason, though obviously easy and desirable to publish, would not be precisely germane to the subject, unless it were possible to obtain prompt and dependable figures on the number of deaths in which malnutrition—i.e. starvation—was a direct, or a contributing cause.

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To begin the daily, or even the weekly publication, of the appropriate figures on the main headings outlined in the earlier paragraphs would undoubtedly suggest many subsidiary types of information which would also merit regular publication. I do not assume to have done more than indicate in the most general way, the type of material which would serve as a corrective to the distressing national habit of assuming that all is well if the car loadings are up, or if U. S. Steel has broken into new high levels for the year. I submit that prompt current knowledge of the number of human babies who are being born in the country is a more important index of national prosperity than are the imports of raw silk or the number of building permits which have been issued over a given period. In fact, it is not saying too much to assert that the number of suicides is infinitely more important to the sane solution of our national problems than is a rise in the price of wheat.

Moreover, now is the time when it is entirely practicable to assemble and collate such information promptly and regularly at an infinitesimal expense. In every city, town and village of the country there are people who are unemployed and who are in receipt of relief funds. These unemployed include men who are trained to every profession and trade; their moral degeneration as the recipients of charity has become an important consideration in the administration of relief. It would be extremely simple and advisable for the relief administrations to assign to a certain proportion of the unemployed, especially those of the white-collar classes, the duty of collecting this information daily and assembling it at state capitals and at Washington through the medium, either of the leased wires of the news services, or through government wires. The unemployed newspapermen of the country alone could organize the details of handling this data with a minimum of expense. Much of it, if not all, would be available through local newspapers. The daily collection, assembly and publication of this data would thus help to solve the moral problem involved in the acceptance of relief by those who have been taught that charity is disruptive of self-respect, and it would serve an urgent public purpose.

For it is a fact that only slowly, if ever, will this country return to the highly individualistic conditions which prevailed before and which produced the Depression. Whether the measures adopted by the Roosevelt Administration restore prosperity, or whether they prove to be merely expedient palliatives designed to prepare the way for more fundamental solutions, it is certain that this country must habituate itself to, and adopt a much higher degree of social coördination. For the politics of human misery have already demonstrated that in any major conflict between human necessities and established economic practice, it is the economic practice which yields. This yielding immediately occasions a wide variety of social readjustment, both voluntary and enforced, but has definitely established the principle of "*salus populi, suprema lex*" as the guiding force behind our policy.

Therefore the phenomena of social readjustment, rather than those of economic production, become the measure of successful policy and the test of political expediency. From this point of view, it is immaterial whether the ultimate fruits of Roosevelt's important initiative in American government, take the form of Fascism, Technocracy, Socialism, Communism or Capitalism. Indeed it is doubtful that even the President could say what is the final objective of a policy designed to raise prices and to redistribute purchasing power in the first instance. The important thing is to give to the Government and to the electorate—for we still follow the forms of democracy—the means of evaluating the real effect upon the people of the measures which have already been adopted and those which are yet to come.

For the politics of human misery is going to be a continuing force in the determination of measures and the transformation of our institutions. We have seen that force, vast, almost inarticulate, overwhelm and paralyze the Administration of a President who was elected by an unprecedented popular majority, in less than two years of the time when he was elected. That force, despite President Roosevelt's far greater majority and infinitely greater individual and political elasticity, is equally capable, in the hands of demagogues or radicals, of overwhelming the present Administration. From the national, if not the artistic, point of view, it may be conceded to be immaterial whether a Republican or a Democrat or a Radical be the instrument which restores the balance of American life. The essential thing is that that balance shall be restored in the minimum of time and with the minimum of pain. So long as the basic public opinion, the force which makes and breaks politicians and millionaires, is ignorant of the true factors which determine national health, so long as popular psychology—so far as it comprehends the matter at all—is uninformed of the true indices of human prosperity, just so long will the demagogue and the one-idea type of reformer be able to menace the stability of the State. The only corrective is the one which has been indicated in this article: the regular, prompt and unsentimental publication of the figures which will show how the individual American is behaving under the stress of an unpardonable economic paradox.

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The Story of a Bureau

By E. Pendleton Herring

Reformation of the Bureau of Foreign and Domestic Commerce, which spent $5,000,000 of taxpayer's money in one year is about to be undertaken. Mr. Herring, a member of the Government Department, Harvard University, tells the story of modern bureaucracy in the case history of this bureau.

THIS is the story of how a bureau of the Federal government, built by business and for business, came to grief. It is also a case study of present day bureaucracy. The rise and decline of the Bureau of Foreign and Domestic Commerce calls attention to many of the elements which make retrenchment and reorganization in the Federal services so necessary today. Its fate carries implications of general import to many of the Federal administrative services.

This bureau that was to apply "business" tactics to government now stands charged with many of the faults commonly associated with bureaucracy. The Bureau of Foreign and Domestic Commerce, by devising elaborate ways of aiding private enterprise and of rendering service to businessmen, expanded at a rate out of all proportion to the growth of other bureaus in the Department of Commerce. It collected data for the National Retail Dry Goods Association on methods of wrapping packages in department stores; it undertook a quarterly survey of radio dealers' and wholesalers' stocks and sales; it studied the marketing practices for the manufacturing jewelers and silversmiths; it conducted an annual check-up on the ultimate disposition of old copper and brass at the request of the National Association of Waste Material Dealers. If the Lord helps only those who help themselves, the aid of Divine Providence was seldom evoked by these interests.

When, for example, organized druggists asked the Bureau of Foreign and Domestic Commerce to make a study of their merchandising methods, it apparently never occurred to them first to ask the question: Is this a function that the government should perform? Bureaucratic facilities were available that could be used for this purpose, public servants stood ready to undertake the work. Many trade associations have neither the personnel, the skill, nor the resources to carry through surveys of their industry as expertly as the Bureau of Foreign and Domestic Commerce, and if the government will do this work for them at far below cost, why should they make the effort themselves?

The result has been that the government has undertaken investigations that trade groups might have performed for themselves under the pressure of necessity. Their capacity for such tasks was never fully tested, since a Federal agency stood at hand ever ready to help itself by helping them. Competitors feared to trust their association with confidential data; the need of an impartial medium was felt. But confidence among members of the trade was scarcely stimulated by the surrender of their problems into the hands of government officials. A realization now seems to be dawning on the part of industry that internal problems of management and methods are not best solved by government officials. Today the Bureau of Foreign and Domestic Commerce faces a radical reduction in its staff and great restriction of its undertakings, yet strangely enough little protest is heard from those business interests it sought so recently to serve.

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The expense of such a beaucratic enterprise has become only too clear. Its expenditures mounted from year to year as its activities became more varied and extended further afield. The world literally became its province. The most precocious child of Mr. Hoover's organizing genius, it took its place in the seventeen-million-dollar-eight-acre-seven-story office building of the Department of Commerce and spent $5,349,891 of public funds in 1932. Its appropriations had increased nearly sixfold since 1921.

A development of such proportions cannot be disposed of as a "mushroom growth" of bureaucracy taking place in the dark and put over on an unsuspecting public by selfish officials. On the contrary, the Bureau grew in a great glare of publicity, and was sponsored by many of those who are now its loudest critics. What factors account for this phenomenal growth?

To explain bureaucracy in terms of bureaucrats is too easy a solution. The entire responsibility cannot be deposited on the desk of the administrative official. The business man and the politician must likewise be reckoned with if the case of the Bureau of Foreign and Domestic Commerce is to be fully stated.

In criticizing excessive expenditures, the essential fact is sometimes overlooked that no government official can spend public funds unless Congress continues to supply the necessary appropriations.

When Mr. Hoover entered upon his duties as Secretary or Commerce in March, 1921, he immediately called representatives of business into consultation. How could the

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Department be organized so as to meet the needs of the industrial and commercial community? Long conferences were held and the sympathetic coöperation of business men was aroused. With the support of the business public behind him, Mr. Hoover then made his demands of Congress for funds.

It became the avowed policy of the Bureau of Foreign and Domestic Commerce to build up the closest possible contact with business organizations.

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Good judgment was used in the tactics employed. The Bureau was reorganized. Sixteen commodity divisions were established. (This number was later raised to twenty.) As explained by Dr. Julius Klein, the director of the Bureau: "The purpose of introducing this new system was to bring the bureau into more direct and vital contact with producers interested in foreign trade." Officials were selected to head each new division only after consultation with the industry concerned. A personal tie-up between industry and government was sought.

A further advance was made when men prominent in industry were asked to serve upon advisory committees connected with the commodity divisions. In theory the industries chose their representative to head the commodity division and then used the advisory committee as a means of directing the attention of the Bureau to their numerous business problems.

In actual practice these advisory committees often were little more than stalking horses for the ideas of the commodity division chiefs. The initiative and direction came from the bureaucrats. The committees became useful channels for aligning the support of a particular industry behind the proposals of the civil servants. In a word, the organization of the Bureau was designed to reach the business public and to discover there new tasks that might be undertaken. If the Bureau was to flourish it must find work to do. Its organization provided the lines to important industries through which suggestions might be taken up and more services added.

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The Bureau demonstrated its ability in trade promotion by selling itself to American business. Its annual report for 1928 carried the admonition: "The work of the bureau is effective only in proportion to the number of persons who make use of its services." If it was to succeed as a governmental bureau it must advertise its wares and convince the public of its usefulness.

Business men were more than willing to avail themselves of this "free" service bureau which graciously supplied information that would otherwise be difficult, or even prohibitively expensive, for individual firms to obtain for themselves. Under the leadership of Dr. Julius Klein, a publicity campaign was begun for persuading business to make a greater use of the Bureau's facilities. Speakers were sent about and close contacts were built up with trade association executives.

The tendency, of course, was for the Bureau to go further and further afield in its ambitious efforts to serve business. The official, anxious to justify his position and to increase the duties of his bureau, worked hand in glove with the trade association secretary who was equally desirous of proving his usefulness to the membership of his industry. The service favored expansion and growth.

The business community was sympathetic. Prosperity had not yet dodged around the corner out of sight. Appropriations were easily forthcoming. The Bureau presented evidence that, in the profits its trade promotion activities brought to business, it paid for its keep many times over. It regularly published in its annual report a section entitled: "Dollars and Cents Return to the Business Public." Here concrete cases demonstrated the usefulness of the information collected from near and far. Testimonial letters bespoke the good work of the Bureau. Business firms wrote for information and often got much more than they asked for, or expected. Trade information on almost every conceivable commodity in almost every imaginable spot was gathered. Five cents would bring a report on "The Proprietary and Ointment Trade in China," and for twice that sum there could be obtained a discourse on the "Wearing Apparel of the Peruvians" or a dissertation on "Training for the Steamship Business."

Its responsiveness to the requests of business firms carried the Bureau into ever-increasing expenditures and into undertakings narrow and specialized in scope. But the close and well-organized relationship built up between trade associations and commodity divisions of the Bureau encouraged this tendency. Business men learned that the ambition of the public official to be of service fell in with the interests of industry. The Chamber of Commerce of the U. S. A. added the weight of its influence in encouraging this development.

The organization of the Bureau not only harmonized with the economic background but with political factors as well. Members of Congress discovered that they would gain politically by supporting this Bureau.

The establishment of district offices of the Bureau of Foreign and Domestic Commerce in certain important cities was one of Mr. Hoover's innovations. Smaller municipalities hankered for similar recognition, and their manufacturers and exporters desired the services of such branch offices. A political plum was thus discovered. These new offices stirred up sectional rivalries. Certain Congressmen recognized the opportunity for winning the favor of commercial interests by securing a district office for their section. In 1921 there were seven district offices in the United States; by 1932 the number had increased to thirty-six. In 1933, the 235 employees in these offices cost the government $601,900 per annum in salaries and wages alone. This rapid increase is easily explained. Politicians came to the aid of the ambitious job-holders and the two worked together to mutual advantage.

If San Francisco had a district office, then why not Los Angeles? Accordingly an office staff of eight persons, costing over $30,000 a year, was set up in Los Angeles. If New York had an office then why not Philadelphia, and Baltimore and Norfolk? Was Charleston or Charlotte or Jacksonville to be overlooked? The demands of all were answered. Other places of minor importance made their pleas. The officials in Washington had started a ball rolling which gathered vast momentum. More district offices

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were created than the Bureau wanted. Political expediency proved a stronger force than bureaucratic ambition. The officials found firm friends in Congress. A certain Texas Congressman became their enthusiastic spokesman. By 1932, Texas had district offices in Dallas, El Paso, Galveston and Houston, and coöperative offices in San Antonio and Fort Worth.

Through these outposts of the Bureau, thickly dotting the country, Dr. Julius Klein explained that a very real effort had been made "to teach those who knew nothing of the bureau to learn what it would do for them if their wants were made known." Here again, just as in the case of the commodity divisions, the structure of the Bureau served to further its strength and influence. The policy of advertising the Bureau and convincing business men of its usefulness was actively applied in each locality. "This has been accomplished to a considerable extent," according to the annual report of 1922, "by means of direct and constant contacts between these offices and the men directing the policies of local trade organizations, banks, and foreign trade clubs, as well as with individual export managers and executives." Bureaucracy expanded not in a covert fashion but rather by applying the tactics of modern, high-pressure salesmanship. It built up a great question-answering business. Steadily increasing demands were made upon the field offices for information and guidance in trade promotion and development.

In considering this Bureau of Foreign and Domestic Commerce, it becomes clear that its growth cannot be attributed to the machinations of officials anxious to add to their own importance. The Bureau grew because it was able, by skillful propaganda and persuasion, to enlist the support of business men. It succeeded in promoting foreign trade, and it uncovered new opportunities for profit abroad. It created a field of usefulness, and business found new tasks that it might perform. Regional market surveys were undertaken for studying methods of distribution in various parts of the country. Congressmen saw that they might please certain commercial interests back home by having such a survey made in their region, just as adding to the Bureau's lists of offices might mean winning more votes in a given Congressional district. As a result new offices were added at the urgence of certain localities, and new functions that were unwarranted and wasteful were undertaken at the behest of special interests.

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The success of the Bureau in a sense proved the cause of its undoing. This is well illustrated by the work done by the Bureau in the foreign field. Here again its activities overleaped the bounds of economy and efficiency. In the effort to answer fully every question upon foreign trade that business men asked, and in the quest for trade opportunities, more officials were sent about the world and more offices opened in remote and distant countries. A remarkable system for discovering and transmitting commercial information was built up during the past ten years, but a large personnel was necessary and much money. By 1933 well over one and a quarter million dollars were being spent each year to maintain the 466 employees in the fifty-three foreign offices! These agents were charged with the duty of reporting to Washington by letter and cable on the economic and commercial conditions in their area, supplying American exporters with lists of foreign importers, investigating potential markets for American products, besides collecting data on tariffs, commercial laws and foreign taxation. The qualifications of these officials have been criticized, because of their paucity of practical business experience. Their chief fault, however, lay in the fact that there were too many of them.

Offices were set up in such places as Accra, Caracas, Guatemala, San Juan, where their presence was scarcely justified by the volume of trade. Central Europe was thickly dotted with offices at Vienna, Warsaw, Belgrade, Budapest, Prague and Bucharest. All these, of course, were in addition to the consuls and vice-consuls already on the scene, whose primary duties related to the commercial interests of the United States. This excessive duplication and overlapping is now being subjected to a rigorous reduction on the part of the present Administration.

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The elaborate structure, built up during the boom through the coöperation of business men and bureaucrats discovering and creating new functions for the Federal government, has proved too expensive a piece of apparatus. The Bureau of Foreign and Domestic Commerce grew by rendering special service to special interests. Exporters and manufacturers were willing, and glad, to receive the functions offered by officials primarily desirous of increasing the powers of their bureau. Here were organized minorities attracted by the work that the Bureau was willing to do for their benefit. If they were to secure advice from the government in running their business, and if they were to have the errors in their particular industry discovered for them by public officials, then their Congressmen must needs supply the Bureau with generous appropriations.

All the elements were harmonious. The Bureau was especially organized to reach trade associations, chambers of commerce and exporters' clubs. A definite policy of self-advertisement was directed from Washington. The Bureau urged industries to avail themselves of its facilities. Organized groups in industries and in localities gave these public officials an ever-increasing collection of problems to investigate and solve.

A year ago Congressman Beck was lamenting the situation thus: "The constantly growing strength of bureaucracy, the demands of groups for legislation and large appropriations, and the impotence of Congress to maintain its power, are leading the American Government toward an absolutism, worthy of Moscow but unworthy of Philadelphia, where the Constitution was framed."

Fortunately, before Mr. Beck's prediction could be put to the test, the taxpayer awoke. Manufacturers and exporters now realize that other organized groups have in their turn been building up their special "service bureaus" in the government. Trade groups acknowledge that their Bureau has grown too large and that it has been costing more than it is worth. They have found that they have unwittingly helped to build a huge bureaucratic structure.

Of late the Bureau has been criticized for inefficiency: for delaying reports, for compiling misleading statistics, for appointing incompetent officials. It is charged that years go by before the facts uncovered in investigations and surveys are published, and that the findings are out of date and misleading when they finally appear. It is charged that young graduates of business courses are sent out to counsel business leaders, and career men and political appointees are given jobs while the constructive work

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expected of the Bureau is neglected. The old cry of "red tape" has been raised.

When appropriation slashes were first proposed for the Department of Commerce about a year ago trade associations failed to present organized opposition to the move. At a meeting of trade association executives held in New York it was decided to preserve a neutral stand toward the reduction. They explained that their apathetic attitude was due to the conviction that "the one government department representing business men was content to let business flounder unaided at a time when a properly conceived program of direction and encouragement might have saved the day . . ."

However unwarranted such blame may be, it is symptomatic of the present questioning attitude on the part of business men concerning the problem of trade promotion. It is well that a more critical spirit has developed on the part of business. Is the support of an elaborate governmental agency for the promotion of foreign trade a wise expenditure of public funds when world tariff maladjustment stultifies the exchange of goods in the world market? Should not the government turn its attention to the more fundamental conditions of international trade and the problems of foreign exchange before sending agents abroad to seek what slight opportunities they can in the prevailing disorder?

It is clear, in considering the general problem of reorganization, that the functions and purposes of government bureaus need correlation. Are Congressional appropriations to be used and public servants engaged in aiding the grocers in improving their merchandising methods when the whole economic structure of the nation demands basic readjustments?

The American Manufacturers' Export Association recently circularized a questionnaire among its membership regarding the proposed reorganization of the government's foreign trade services. It appeared that while these firms widely used the facilities offered by the Bureau of Foreign and Domestic Commerce, they recognized the need for retrenchment. Among the many suggestions made, two appear of particular significance: (1) that each branch office of the Bureau should support itself by fees from firms in any designated territory it can amply and economically serve; (2) that the possibilities of the American Chambers of Commerce abroad be further developed. It is along these two lines that future development may lie. If agencies for trade promotion are economically sound, is it unfair to ask that they be directly supported by business?

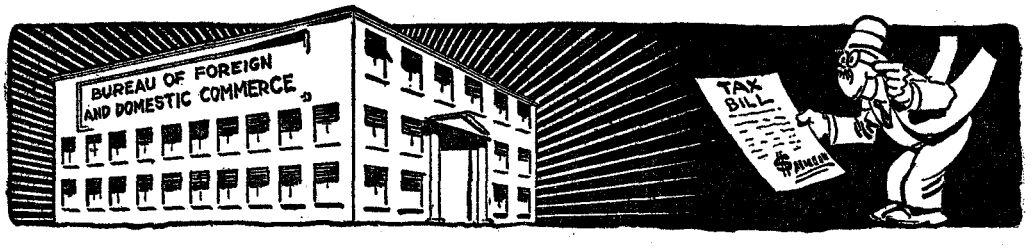
The present time is a crucial one for the Bureau of Foreign and Domestic Commerce. Many of those that once supported it enthusiastically now view it with questioning. It is but one of a number of bureaus that have been established to serve and promote the interests of a limited class. Agencies with similar characteristics are the Bureau of Agricultural Economics, the Woman's Bureau, the Children's Bureau, the Bureau of Home Economics and the Bureau of Labor Statistics. In fact, much of the work of the Federal bureaucracy is concerned entirely with the assembling of data.

Because of the nature of their work, these bureaus must get their data utilized if their existence is to be justified. They must propagandize their "service" functions if they are to survive. A desire to extend their activities is a healthy sign. It indicates that the officials in charge are alert and enterprising. The old type of bureaucrat pictured as arbitrary, slow, dull and enmeshed in red tape is not the problem here. The danger lies rather in the adaptable and aggressive character of officials working in close touch with organized groups and ever seeking new fields of endeavor. With a number of special interest bureaus, each seeking its own ends, enormous demands are made on the Federal treasury. The tax burden becomes too great, and efficient and useful governmental services become discredited by their unwarranted expansion.

The Bureau of Foreign and Domestic Commerce has a useful sphere, but a limited one. We have found that prosperity cannot be restored by propaganda, nor business "promoted into existence." The problem of world trade is seen to involve more than beating one's competitor to the foreign market. A storehouse of trade information in Washington is of little avail in itself. In other words, the task of business promotion must be carried on in close relation to the general policy of the Administration in both economic and foreign affairs.

The Bureau of Foreign and Domestic Commerce is to be taken in relation to similar service bureaus in other departments of the Federal government. What is its proportionate share of the public funds? The interest of the taxpayer must be balanced against the demands of special groups for aid and information. Costly and elaborate studies of the internal problems of industries are better left to the particular business men concerned.

When bureaucrats are left to justify their existence by the service they render to organized and influential economic interests, they accomplish their ends only too well. With many such bureaus in the Federal government the total tax bill sooner or later reminds the citizen that he is actually paying for the "free information" gathered by the government on all subjects from all corners of the world. It may be super-service, but it comes high!



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Career Control

by Beatrice B. Beecher

One of America's largest industries operates without a production schedule. The tragedy of the educational system which trains without regard for the markets of the future, and a plan for career control, are discussed by Miss Beecher.

WHEELS in our largest, one of the world's oldest, industries begin turning again this month. Surveys of the Federal Office of Education tell us that approximately 30,000,000 students will return to the factories of our grammar and high schools, colleges and universities, both public and private; 23,500,000 to elementary and grammar schools; 4,800,000 to high schools; 1,100,000 to colleges, and 500,000 to special schools. So our educators resume the gigantic task of manufacturing our future citizens; the men and women who will inherit the success, or failure, in our various attempts to reconstruct a crumbling economic and social structure; the men and women who will take their places in government, industry, the professions, agriculture and commerce.

As we observe this annual resumption of the operation of the American educational mill, we are appalled to note how, with a few rare exceptions, this training of future citizens is being done without great regard for the needs of the markets of tomorrow, or of the changed viewpoints of those about to undergo training. The creation of square pegs for round holes goes on apace. Today many thousands begin arduous preparation to participate four, seven, or eight years hence in professions already overcrowded, and which in a future day will be even more glutted. The situation is not particularly new to this year of 1933, but assuredly it has been greatly aggravated by special conditions coming out of the Depression, by the remorseless advance of technological unemployment, and also by the drastic measures now being undertaken by older practitioners to curtail future membership in their particular professions.

Any attempt to hold old carrots of "education, general or vocational," before the donkeys nose will fail. This generation of students remembers the maladjustment of war, the "Depression" and 12,000,000 unemployed. These future citizens have learned to a surprising degree to distinguish between facts and fallacy. They are a realistically thinking body, which has seen an older generation fail miserably; which has seen every economic law, formerly used to keep the scales of human justice balanced, go down to defeat. They have heard the lusty songs of Big Business ballyhoo their theme songs of "Service" and "From office boy to President." Youth's scales are weighing the theory of democracy's "one for all and all for one," as applied to 1929-1933 dismissals and salary cuts. They have learned at last the definition of "executive"—to them it is a person who hums "Depression I Love You" while drawing an annual salary of $100,000 or more, and earns it by adding a few more hundred to the rolls of the unemployed. A nice new sheepskin is no longer the key to a job. The pattern to the opportunity key seems to have been lost. Youth means to find it. They are demanding their rightful heritage, the unquestionable right of any citizen of any country—the right to earn a living.

"The New Deal" means more to youth than just a catch phrase applied to various undertakings of the Administration. It means we, as a nation, are at the crossroads, and behind us, eager to follow in our footsteps, if we succeed, waits the rest of a suffering world. It means that the pioneer in man, that deep-rooted instinct which has been responsible for all progress, must find a new outlet. That instinct has geographically allotted and peopled the world. The dynamic force of it has expanded trade, and developed such speed in communication and transportation that we have become an intimate and interdependent family of nations. The perfecting of the economic and social structure provides the new frontiers. One field alone remains in which there can be mass participation in pioneering. It has been a sadly neglected one down through the ages. It is the field of human relationships and the mastering of the lost art of living.

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At the crossroads of our current dilemma stands our greatest industry—Education—receiving the raw material of children, which must be conserved and molded into men and women equipped to contribute democracy's pattern to the world of the future.

With our national consciousness awakened to "planned economy" and "controlled production," as a possible solution to unequal distribution, we must not allow monetary stabilization, trade balances and national poppings in and out of the League of Nations to blind our vision to the problem that lies at the root of all our chaos; the great and unwieldly problem of equalization in the distribution of the efforts of Man; a commodity which has been handled in a haphazard fashion since time immemorial

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and especially since the industrial revolution that began in America in 1870.

Looking closely at the educational thread which is to be found running through the economic and social evolutions of civilization, we find spasmodic individual attempts to put man's welfare at the base of each economic adjustment. These attempts have usually followed economic upheavals and been led by the then existing educational and religious leaders. Some new theory applicable to, and evolved out of, the human needs uncovered at that period has been produced. Socially minded leaders have been born, and have endeavored to integrate more practical—or as we now term it—vocational education, and some form of planned correlation with future employment. It has been a form of education planned to augment the needs of the masses and directed at the actual requirements of trades and professions. Its origin is traceable to the Egyptians in 2500 B.C. It thrived in the guild schools between 1300-1800. Vocational education found its greatest impetus in the Industrial Revolution in England, where the crowding of people into congested areas, when factories began to supplant home manufacture and wholesale factory employment of children created a serious health condition that brought both legislation and the first "model factory," established by Robert Owen at New Lanark, Scotland, in 1816. He created the first "factory school," an experiment watched closely by scientists. Owen was a student of Pestalozzi. He was a champion of environment versus heredity. Persecution drove him to America in 1825.

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Education, general and vocational, originated as an indulgence for the rich and a means of controlling the poor, or laboring classes. The Greek model of scholarship, which was without any thought of using knowledge to prepare for specific trade or profession, gave birth to our colleges. Trade, or vocational, schools had their origin in private, or religious philanthropies where vocational aptitudes could be used partially to defray the expenses—the conscience of the rich making a gesture to the masses, for the purpose of controlling society. Our public schools are Democracy's contribution.

Unpleasant as anything based upon class distinction sounds to a proclaimed democratic people, we must accept the fact that the American educational system's pattern is on a framework of indulgence for the rich and control of the poor or laboring classes. It still remains the gesture of conscience until we establish some form of direction in the choice of educational facilities and practical correlation with jobs. We must acknowledge the great work of those educators who are endeavoring to expand the purposes and uses of vocational education and make of it a national model for a democratic people. Here it is well to remember Robert Owen's purpose in coming to America in 1825. It was to establish a "new moral world," where education would be followed by immediate employment in the field chosen. It failed, even as Maclure's Pestalozzian school failed in Philadelphia in 1805. Its failure has been credited to lack of parental and industrial coöperation.

Those educators who cling to the academic, or liberal arts, form of education do so believing that to teach a man to think prepares him for the reality of life. This is true of certain types of minds, but not all—and this is a democratic country. For some students a liberal arts course means marking time on the wrong side of reality. The advocates of vocational education are striving to establish a democratic system based upon the theory that certain types of minds should follow Fellenberg's idea which was: "Instruction should be followed by action as closely as the lightning by thunder, and the life should be in complete harmony with the studies" (in "Sketches of Hofwyl" by William C. Woodbridge, Boston, 1831). It is interesting to note here that Fellenberg's teachings were based, not upon class distinction, an autocracy of capital and labor, but upon a firm conviction that some men were meant to lead and others to follow, leaving no room for dispute of the relative importance of each, so long as each man fulfills his destiny in occupation.

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The educational problem that we face today is not one of limited opportunity. America affords vast educational resources under development in different forms planned to meet the needs of a heterogeneous people. It therefore becoms apparent that the fault lies, not in the various educational methods, or institutions, but in the individual's choice of the many educational facilities at his, or her, command.

What are some of the reasons children choose different schools after the period of compulsory education has been completed? Why are the 30,000,000 American students enrolled, many of them haphazardly, as they are today?

1. Because a longer period of education is an easy way for mother to indulge in adult education and club or other activities.
2. Because John plays football, and athletics are open to personal and financial opportunity.
3. Because "the gang" is going, or the favorite member of "the gang."
4. Because daughters and sons are excellent advance agents for social climbing parents and finishing schools; colleges and universities give splendid opportunities for social contacts.
5. Because the tradition is that a child must receive his or her education in school, an excuse which the post-war generations have clung to for purposes of postponing responsibilities and decisions on future fields of occupation.
6. For the too rare reason that a child's natural talents can be best developed in the selected institutions of learning.

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What are some of the reasons children choose a profession or trade?

1. Natural talents which have been fostered and developed by fortunate circumstances surrounding the individual—mostly coincidence.
2. Desire to duplicate the profession of one parent, or the other; parents more often making this choice for their children, based upon some unfulfilled wish of their own. Desire to emulate some idol in history.

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Desire "to be just like" the most popular person in contemporary community life.

3. Because certain schools afford special courses in vocations which have been over-publicized as money-making possibilities in recent years, such as motion picture professions, radio, industrial engineering, or advertising profession.
4. Serious and constructive study of the occupational trends of the time. (This is rare.)
5. Accidental finding of a job open. (Another rare occurrence in the fields open to beginners.)

What are we, as citizens, going to do about the huge "overhead tax" we pay for mismanagement in the handling of our raw material? We are paying, first, in the daily toll of human lives—waste of our precious raw material, and second, in the very literal form of taxes. As taxpayers, we support state and private institutions, (private philanthropic endeavors), filled to overflowing with misfits, (our "seconds"), who fall by the wayside under the pressure of unaided adjustment to the industrial world; third, by the destruction of life and property, which is the result of organized crime, the 20th century example of how social misfits fight for power and money. Organized crime makes use of all the scientific methods available and of all of society's neglect of responsibility for the causes of crime.

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Our first duty is to educate ourselves and our neighbors to the realization that we are today in a new age. It has arrived. We, with the aid of science, have made it. We will determine its success or failure. Success lies in our individual ability to cope with the machine which we have erected. This must mean centering our attention on why people are as they are, and not on what they do after they leave school and are thrown into the chaos of changing conditions. This means perfecting methods of career control at the source—childhood. All modern inventions and methods have constructed an inanimate monster at the service of man for the purpose of "labor saving." More irony! Labor saved means life wasted, unless we keep scientifically in step with the educational processes which teach man to use his newly created leisure.

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Man, in collaboration with science, has produced the prognostic and preventive methods which now operate for the more efficient manufacture and merchandising of commodities. Markets are studied years in advance of manufacture. It is to be noted that we do this today in all lines except education. Nations vie with each other for new ideas that will produce greater efficiency in the merchandising of inanimate raw and manufactured materials. By the results of distribution and its ramifications national supremacy has been determined. Nations consciously battle for power alone, but individuals within nations consciously battle for power and money (money meaning security in this age). Yet since the Egyptian Feudal Age to this, the Industrial Age, the loss of national supremacy is directly traceable to the failure in improving sociological conditions in proportion to improvement through new methods applied to the business of material gain. Power and prosperity have made people and nations lust for more. The greed of man has turned the tide of civilization and the struggle starts all over again.

At these times in history, what we now call Vocational Education—a term as greatly overworked as "psychology," by the charlatan and headline seeker—has persistently raised its head and moved a few steps ahead in the pace set by the economic stride. But then, even as now, a radical educator got as much isolation as a leper. The ramifications of greed are geared to retard human progress. Public blindness and public vision are ever with us. Many people are totally ignorant of what has been done in this country in vocational education. Hundreds shy from it and its scientific tests which are still in the experimental stages as though they were an X-Ray that would uncover all the family skeletons for centuries past. It is largely regarded as a new idea—a fad that won't last. How many laymen today know that our systems of trade tests, I-Q tests and others, which partially aid in assisting children in planning their life work, as well as in personnel administration, are literally a memorial to Wilhelm Max Wundt, who established the first accepted psychological laboratory at the University of Leipzig in 1799, one hundred and thirty-four years ago?

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Wundt began experiments to produce a scientific method which would serve man in his search for the "value received" in life—a living wage in normal community life. He built the bridge between the mental philosophers and the physical scientists. Over that bridge have journeyed Ebbinghaus, Darwin, (who is better known for his "Origin of Species" than for his very fine studies of the mental development of children), G. Stanley Hall, Francis Galton, the heredity advocator, whose work laid the frame work for all our tests now in operation. Many others have labored for better and more scientific methods in the efficient and humane manufacture and marketing of the commodity of Man and his talents. A history of persecutions would furnish many names. Teachers who have contributed the original theories now being applied have found the very students they serve, due to ignorance, their adversaries. Higher education is rapidly remedying mass opposition. But adult education is not a preventative method. It leaves much room for waste.

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Today, civilization is again at the crossroads. But today there is a persistent and consistent undercurrent of awareness of causes, and a means to the correction of causes on the part of the masses. The right to express that awareness is the contribution of our democracy.

Are we going to harken to past warnings? There is a world-wide movement of youth that says most emphatically "Yes." Youth has learned through the recent experience of World War and the Depression that the *omega* of education is really the *alpha* of life. Youth says, "Give us the same advantages that you give to your inanimate raw material; we want new values; show us how to assume those responsibilities you have made our

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heritage."

The answer, in terms of coöperation, provide a large problem. As usual, we have two sides, the Academician who believes firmly that the *omega* of education is almost the *theta* of life, even though reality turns theory up-side-down for the student who tries to meet occupational competition of today with weapons of a Liberal Arts course, which invariably results in a period of drifting and discouragement which is moral murder on the part of a proclaimed intelligent society. Then we have the exponents of vocational education, who are attempting to secure better balance, preparation and participation with a logical follow-through from school days to work days. It really seems as though the vocational educators would—if they are given proper coöperation—produce a truly democratic form of education. Liberal arts colleges and courses are fitted to specific mental types, with certain study habits not possessed by those who get results from various methods employed by vocational educators.

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The problems of administration include teacher selection and training. That should be true of either the academic or vocational system. Only those with natural gifts for teaching should be trained and admitted to the teaching profession. We have in it too many who seek to escaps from life and to wallow in theory. And by far too many who regard only the pay cheque—those who have drifted into it for an economic stop-gap. Trade and industrial schools need teachers who have had practical experience. Selecting natural teachers from the technical, or practical, fields of commerce and industry presents another problem, part of which is the "money craze" and prosperity experience of recent years. Appropriations for architectural wonders in educational buildings run high. We might stop decorating the landscape and start the interior decorating job of putting constructive mental equipment in the mental houses of our children.

First, to achieve a sound "production schedule" in our educational mill we need preliminary, supervisional units in grammar school, functioning as an observation body, maintaining records which will be forwarded with the student to high school, or whatever is the next educational step. The grammar school child is more apt to have retained natural occupational inclinations that can be directed in a choice of education. Grammar school is where competent scientific methods should determine whether a child needs liberal or vocational education. The use of the term "vocational education" must not be confused with methods employed in trade and industrial schools, which are not prognostic or preventive, but emergency and temporary mediums applied by industry and education as a sort of stop-gap to waste in industrial overhead and human life.

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Another very large problem is the perfecting of employment systems in high schools and colleges and universities. Again we come to the task of selection of an administering personnel. They must be natural counselors—youth today is not easily fooled. They have lost an alarming amount of faith in us, but not in themselves. These occupational advisors—and they should possess sufficient practical experience—must be closely tied to those making studies of occupational trends, so that alternative occupations can be considered by students, while they are in the course of preparing themselves for work. Theorizing, but trained, employment counselors are much more destructive than untrained, natural counselors.

There are many objectors to any control of the professions. It is regarded as undemocratic. Is there anything in democratic principle that says all of the one hundred and twenty-two millions of us shall be Presidents of the United States? There are natural leaders and natural followers. Of course, if making money is our standard and the developing of native abilities in, let us say, law, might forbid one from becoming a movie star at $10,000 a week, then we have the explanation of the chronic objector! But if guidance in preparing for the job of assuming responsibilities in America in particular, and the world in general, without waste of the individual's natural gifts is undemocratic, so are the modern methods of business that earn the money the objectors are afraid they might lose.

School equipment for vocational education represents the largest problem. Modern improvements are going at such a pace and cost of equipment is so enormous that an easy and immediate solution of this is doubtful. It is possible that under the present controlled production of industry—industrial leaders may turn philanthropic and work on some plan to loan plant, equipment and instructors to experimental educators at certain intervals of periodic slack seasons. This has been tried in small ways.

Another hurdle presents itself—parental objection, that old nemesis of other educational developments. Parent-Teacher organizations are striving toward that solution. On this problem we come face to face with our first duty—the realization of the new age. It is here. We made it. Women have freed themselves from home responsibilities. *Adam handed back the apple and Eve has eaten.* In digesting the result women must realize that the duties of parenthood have been transferred to the educators. Women must now work toward producing better results in education.

Youth has accepted the new world—this industrial perfection which has been built with mortar and bricks, manufactured out of billions and billions of crushed human lives. They know the new age is a sociological one.

We are at the crossroads! The frontiers are open once more. Youth points the way to the educational challenge.

So in reviewing all the available material on education in America, we come up for air with three facts clutched in a determined fist: The first fact is that our educational chaos is, in a large measure, responsible for the present disgrace of unemployment; the second fact, that we must perfect a democratic system of education which will function now; and a third fact, that the solution lies in planned administration of education and adequate financing.

The foregoing proposal is based upon the acceptance of vocational education as defined by Herman Harrell Horne in his "The Democratic Philosophy of Education" published by Macmillan, 1932, which is, "To find out what one is fitted to do and to secure an opportunity to do it—is the key to happiness." It is also based upon a conviction that ample methods in vocational education are available through successful usage, begun as far back as 1809 when Dewitt Clinton led the Masons in the fight for free education as the birthright of every American child. As a result, free schools, which now exist as our public schools,

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came under state control in 1818. The Masons at Utica in 1892 and the Loyal Order of Moose at Mooseheart, Illinois, have produced excellent examples of vocational education as it should function for the children of this country, irrespective of economic or social status. Utica is for fatherless children of Masons; Mooseheart for orphans.

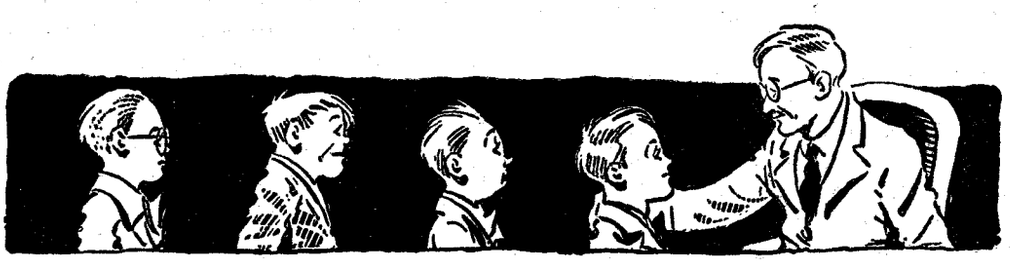
If we must have a practical proposal, here is one:

The forming of a National Citizens' Educational Community Chest to function apart from, but supplementary to, Federal, state and municipal activities and appropriations; its purpose to be the providing of adequate finances for research and administration. The following departments should represent its social purpose and act in a coöperative and coördinating manner with individual efforts now struggling with problems of finance and administration:

1. A Public Relations Department concerned with publicizing vocational education and the indirect education of parents and future employers.
2. A Research Department producing surveys of occupational trends made available to active groups in primary and secondary schools maintaining vocational and educational guidance units.
3. A Department of Educational Psychology, concerned with teacher training, perfecting of job analysis, perfecting of tests used in vocational and educational guidance.
4. A Financial Department
   a. Fund Raising Division
   b. Educational Loan Division
      1. To schools, colleges and universities.
      2. To individuals.
      3. To teachers' training.
5. A Department of Employment Coördination. Practical and free employment agencies established in high schools, colleges and universities.

At the present time, educators are fighting over comparative values in methods of liberal and vocational education while youth goes on being mutilated. Industry and commerce continue to pay overhead in a stop-gap process made available through coöperative schools, industrial schools, trade schools and trade extension schools such as are furnished by R. H. Macy & Co., General Electric, National Metal Trades, Radio Corporation of America, Yale & Towne Manufacting Co., Westinghouse Electric Manufacturing Co., the New York Central Railroad, labor organizations and social agencies such as the Y. M. C. A., Y. W .C. A., Y. M. H. A., K. of C. and various individual club and church groups.

An exceedingly valuable experiment is now being conducted under the sponsoring wing of George Gordon Battle and the National Committee on Prison Labor. E. Stagg Whitin, Ph.D., Chairman of the Executive Council is collaborating with Dr. J. L. Moreno, Psychiatrist, who has prepared a "group method" for classification and therapeutic use. These experiments among our social misfits, catalogued as criminals or potential criminals, have produced sufficiently satisfactory results to justify its trial in schools and Dr. Moreno is now working on the development of a technique in group classification, teacher training and the preparation of a psychological geography. This experiment, if successful, will provide the first test capable of placing the child in an imaginary life situation and thereby provide a greater guide to an individual's potential abilities, which is the real need today of our entire educational system.



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Fragile Money

By Hans R. L. Cohrssen

The problem of managed money, confronting the Administration for immediate solution, is discussed by Mr. Cohrssen, an associate of Professor Irving Fisher, of Yale, in the light of the experiment of the bracteates and 200 years of prosperity.

PRESIDENT ROOSEVELT'S message which almost broke off the London Economic Conference may be considered one of the major climaxes in the bitter war which has been carried on for many years between the administrators and manipulators of our currency, and the proponents of a "managed currency" and stabilization policy. The old rulers have been driven out; the stabilizers have taken their places, and under the vigorous protest of the former high priests of finance the new theories are now being put to the test.

The difference in ideas between the old and the new school of monetary policy was plainly visible at the London controversy. The "gold bloc" representatives here as well as abroad assert that the most important factor in the establishment of sound economic conditions is a stable foreign exchange rate, in other words, a stable relationship between the dollar, the pound, the franc, etc. The international gold (and silver) standard is to serve as a safeguard against inflation, and as an "intrinsically stable" measure of value.

The proponents of managed currency, on the other hand, have little concern for the foreign exchange rate and for an internationally stable price of gold. They reason that foreign trade constitutes only a small percentage of, and is of comparatively little importance to, national production and trade; their object is the stable domestic purchasing power of the dollar. They point with horror to the fact that during the last three and a half years the foreign exchange rate has been comparatively stable, while deflation and the destructive fall of prices has raged all over the world. This is typical of a fixed foreign exchange rate, and it is the very thing the stabilizers want to overcome by making the domestic purchasing power of our currency independent from the monetary policies of other nations. A fixed foreign exchange rate forces America to inflate or deflate her currency in accordance with what other nations do, regardless of the effect of such manipulations upon our economic welfare. The stabilizers have voiced the demand for a new economic nationalism, the demand "to put one's house in order first." And as other nations follow the same policy of stabilizing their own currencies, the result is hoped to be a comparatively stable foreign exchange rate. Then, when a country decides to manipulate its currency, it will effect a fluctuation of its foreign exchange rate, which will only harm, or benefit, itself and not other nations.

President Roosevelt has definitely acquired the lead to stabilize the purchasing power of the dollar, which means to stabilize the general price level as soon as the recent severe fall of prices has been counteracted by reflationary measures. He has not yet indicated how this stabilization is to be accomplished, and meanwhile those opposed to his intentions point triumphantly to all past failures of monetary control. Although a definite stabilization policy has never before been consciously pursued in the United States, and though this is the first time that the price index for measuring the purchasing power of money is to be employed, the old school maintains that history proves conclusively every period of so-called prosperity to have been a period of money or credit inflation which inevitably led to a crisis. The recent stabilization policy of Sweden is said to be too young to allow criticism, and then, too, Sweden has stabilized upon a deflationary standard which is the contrary of what America wants to do. At any rate, in the opinion of the opposition the best we may expect from such stabilization policy is the end of business and industrial expansion, stagnation and ultimate failure.

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History indeed proves that money is perhaps the most important single factor with regard to the economic welfare of a country. In our present situation the Administration's monetary policy will undoubtedly spell the success, or failure, of the entire recovery program. But we must not accept the statement that there has never been anything but successions of inflation and deflation in the past, although they may have been the rule for centuries. Sweden's example is the most recent exception, but also the period from about 1923 to 1929 in this country had been one of comparative stability of the general price level although this stability had been unintentional and was simply due to the wise policies of Governor Strong of the Federal Reserve System. However, even ancient history gives us an example of unparalleled prosperity which may throw some light upon the possibilities of solving our modern problem to stabilize prosperity.

The years between 1150 and 1350 were perhaps the

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first real prosperity Central Europe had ever seen. Two hundred years of prosperity will certainly prove worth looking into. Of course, as economic history gives but meager reports about the use of money in these times, and as these reports have usually been written by historians and not by economists, the attempt to arrive at conclusions through the data at hand may seem an adventurous enterprise. Yet, even if we allow for the impossibility to check the correctness of the various interpretations given by such historians of the cause of this early prosperity, we may find it interesting to examine the available material.

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The "Renaissance of the 12th century," as *this* New Era following the dark Middle Ages was called, was the time when Europe experienced the change from a moneyless society to one adopting for the first time a medium of exchange in its daily transactions. Until then heavy silver and gold coins, and metal bullion had provided the only medium of exchange. But because they were of too high denominations they could not be used in ordinary dealings. So long as the value of the smallest coin in circulation was equivalent to a $5 bill it was out of reach of the common people. Not until the bracteates came into use was this situation remedied. The bracteates being money of small value, representing small change, they became the *money of the people,* and thus for the first time spread the benefits of money, i.e. the possibility of division of labor, over a large part of the population. The fact that money was generally used for the first time explains the rapid development of the division of labor, but it does not yet explain a state of prosperity. Therefore, let us see how this ancient money operated.

Bracteates were first used in 1140 and constituted the main currency of Central Europe during the following two hundred years. They were very thin silver coins, usually rather large, varying in size from that of a nickel to that of a half dollar piece, but so thin that they could be broken easily. The reason for breaking them was to provide smaller change when necessary. They were stamped on one side only, which made them slightly hollow on the other side, and they were so light that fifteen or more could easily be coined by hand at one operation. The cause of the small weight of these coins is found in the greed and desire for profit of the sovereigns who had the privilege to coin money, and who wanted to increase the number minted from a given weight of silver. Yet, according to the historian (*) the bracteates did not represent a debasement of the currency in the sense of inflation; although they seem to have had the same effects of inflation, in so far as they stimulated trade and turn-over, they showed none of the destructive results.

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The main feature of the bracteates, however, was their periodical recoinage, "renovations" as this was called. From one to three times a year the coins were called in and exchanged for new coins at an average loss of about 25 per cent each time to the holder. Through these frequent recoinings, the towns, bishops and sovereigns would collect their taxes and make their profits. Bernard of Arkadien, for instance, during the thirty-two years of his rule is said to have changed his currency 100 times, an average of three times a year. Johannes II during 1350 to 1368 changed his bracteates sixty-eight times. No one could escape this periodical money tax as the bracteates were accepted only in the territory where they were coined, and no old coins, once put out of circulation, were accepted after a certain day. And as the metal value of these coins was only a fraction of their nominal value and purchasing power, no one would try to melt them down for their silver weight and thus avoid the tax. Bracteates were actually managed currency in that they had almost no intrinsic value. They circulated at top speed under penalty of loss to the hoarder. The tax was, of course, spread over the entire period of an issue; thus if a coin circulated for four months to be renovated after that period with a deduction of 25 per cent, the average loss per month was 6 per cent. Obviously no one wanted to hold a money which was taxed at the rate of 25 per cent to 75 per cent a year. What were the effects of this currency tax?

This period of the early Middle Ages had, in the words of the historian, become the time of cash payments; "cash payment had become the link which connected all humans." No one had debts, and no one liked to keep money at hand. The coins were constantly circulated at great speed. The average of prices, however, must have been rather stable, although there must have been fluctuations of individual prices, according to conditions; for, every year in most cities the citizens fixed the prices of the more important goods, such as bread, meat, linen, etc., and thus prevented inflation. Yet, the taxation upon the currency produced the same stimulation to continuous exchange, and kept the money in equally rapid circulation, as if there had been inflation. In addition this compulsory circulation successfully prevented the accumulation of money capital. Money was nothing but a medium of exchange; its only service, to constantly change hands in the exchange of goods and services.

The results which were thus directly produced by a monetary policy are still today the outstanding monuments of early German and middle European culture which came to blossoming with a splendor never again attained. For, while monied wealth could not accumulate, real wealth was created. People put their earnings into new houses and furniture. They bought the best of everything, they wore the finest of clothes, and spent a great deal for recreation. Workers earned high wages, working only five days a week, and, since there were at least 90 legal holidays a year, the average working time was not more than four days weekly. Food too must have been plentiful for everyone. In his "Little Wanderbook from Bohemia" Johannes Butzbach writes that ". . . the common people have rarely less than 4 course meals for dinner and supper . . . a good breakfast of cereal, baked eggs and cheese, and at ten o'clock and four in the afternoon again cheese, bread and milk."

Important cities were founded, to name only Berlin, Bern, Riga, Kulm, Thorn; eastern Germany was colonized,

*Jacob Schoenhof in "A History of Money and Prices," also quoted by Fritz Schwarz in "Das Geld in der Geschichte der Voelker."

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which is acclaimed as one of the greatest accomplishments in German history. Among other new enterprises, the silver mines of Germany were opened and produced tremendous amounts of the metal. Silver was used for costly dishes, house furnishings, buttons, and ornaments in churches. But as the metal supply became abundant, and the people more prosperous and more independent, they revolted against these periodical renovations of the currency, against the nuisance of exchanging their coins at loss, and the high taxation it represented. Periods between renovations gradually became longer. In some places they happened only once every four years; some prosperous towns even bought "exchange-free" periods from their sovereigns. Towards the end of the 14th century the currency was gradually being "reformed" in most places. Coins became more durable, more substantial, and renovations disappeared entirely. A sufficient supply of silver had been mined, and mining was still very productive. Heavy, durable silver pieces of definite fineness and weight came into use and entirely displaced the bracteates.

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But the sovereigns had to collect their taxes. Now, that the profitable sovereinage was lost, other sources of income had to be found. In Austria a "drink-tax" was thus levied; in Hungary it was a "window and door tax"; in France a "hearth-tax." A great number of cities consequently protested vigorously against the minting of these new, heavy coins, and historians have been much puzzled as to why these good silver coins with a substantial, intrinsic value were called (in one of the letters of complaint by a town to its sovereign) ". . . . a measure which for the country and its people has no common usefulness, but is the cause of many ruinous damages." What had happened was of far-reaching economic consequence.

Money which for two happy centuries had been nothing but "managed currency," nothing but a medium of exchange, was transformed into money which permitted the accumulation of monied wealth. Until then, only what money bought was wealth, the money itself was but a tool; now money *per se* was wealth again, could be accumulated and manipulated to the detriment of those who depended upon it. The development of a new type of "capitalism" was so rapid that only 150 years after the disappearance of the last bracteates, a council of citizens which met in Frankfurt, in 1512, decided to adopt rigid "anti-trust" measures to prevent exploitation. As an example of the type of exploitation that was then going on, there is the account of Ambrose Hoechstetter, of Augsburg, who bought up whole lines of goods at higher than market prices, and then sold them again at great profit, once he had the monopoly. Money was put on deposit with him by rich and poor, and he held as much as one million gold florins from the various contributors on a profit sharing basis. Bartholomews Rem in his history of Augsburg (1491-1546) relates that during 1511-1517, he put 500 florins on deposit with Hoechstetter, which during these six years brought him a profit of 24,500 gold florins! In 1546 the Fuggers, a wealthy trading family of Augsburg divided 64 million gold florins among the members of their family.

While fortunes thus accumulated with the traders and speculators, the kings and sovereigns who continued to coin money manipulated the currency in their own way. The French kings set this first example of the type of inflation as it is known to us, resulting in a rapid rise of prices. In 1348 King Phillip VI began to adulterate the metal content of his coins. And from then on monetary history is but an account of the mis-use of money, an account of inflations and deflations, of enormous riches and extreme poverty.

Now, we have before us this all-important problem of getting back to, and of stabilizing, prosperity. So far as the quantity of available money and credit is concerned, the Administration should have no difficulty in keeping it under rigid control through the Treasury Department and the Federal Reserve System. Yet, apparently such control has thus far been insufficient to have the available money and credit used, and thus exert direct influence over the price level. To cite a recent example, there was actually just as much, or even more, physical money in 1932 and 1933 than in 1929, and also a huge reservoir of available credit. But the money did not circulate, the credit was not used. Obviously, the actual circulation, the velocity of our money and bank deposits had not been, and still is not yet, under control. "Why, of course not," the conservative economist, financier, and the money administrator of former days will say, "because velocity depends entirely upon the activities of business. If times are good, if there is plenty of work, plenty of profits, money will circulate freely, and credit is eagerly used. But if we have a depression, unemployment and no profits, money does not circulate, credit will not be used." In effect, this is just the opposite of an effective control, as velocity actually tends to aggravate any existing disturbance. If we were to control the price level we would attempt to curb velocity in times of rapid expansion, and would stimulate it during deflation and business stagnation.

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This brings us to the main argument raised against stabilization, namely that only the quantity is possible of control. Quantity is, however, generally considered of minor importance, and velocity, the main factor, cannot be controlled. But here we may let the story of the bracteates give testimony to the cause of stabilization. The velocity of the bracteates was influenced decidedly by the periodical "renovations"; by taxation, velocity was increased.

It seems perfectly within reason to apply the same principle to solve the velocity problem today. Of course, the periodical taxation of the physical money alone would not meet modern conditions. Taxation would have to include all means of payment, particularly "demand deposits," i.e. bank deposits representing ready cash. The amount of such taxation may vary to meet conditions, and might be determined by a responsible stabilization commission. If, then, there should be a deflationary tendency with consequently slower circulation—as during the last few years, the tax would have to be increased; if there should be an excessive circulation, a tendency towards inflation, the tax could be lowered. If a more drastic curb on velocity should be needed to prevent inflation, the tax could even be applied upon excess velocity, of bank deposits in particular.

This proposal is not so far-fetched as it might seem at the first glance. The wide-spread movement for "Stamp Scrip," scrip certificates which must have stamps affixed on the back, once a week or once a month, to be circulated and acceptable at face value, is but another application of the principle of money taxation. It has worked in Germany, Austria and, in isolated instances, in the United States during the Depression.

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Economic War Reports

Compiled by Edward H. Collins

American Front

WHILE WASHINGTON was busy setting up codes and getting the country organized, mechanically and emotionally, for the recovery drive under the NRA, the attention of financial and economic observers during the past month was sharply focussed on one phase of the business picture. This was the relationship between the index of production, on the one hand, and consumption on the other. It is not unnatural or abnormal for production to start its rise, in a business recovery, before consumption gets under way. On the present occasion, however, production has got a long start on consumption, except in the case of a few specialties such as automobiles, where manufacturers, having learned their lesson in the boom days of 1927-1929, are keeping a close watch on retail sales. The reason is not far to seek, of course. It is to be found in the circumstance that much of the industrial activity was based, first on fears, or hopes, of inflation, and second, on stock market and commodity market profits. The rise in production between March and August amounted to slightly more than 50 per cent, the rise in consumption about 10 per cent. Since mid-July production has begun to slip off some, partly because the rise was too fast, partly in response to the normal seasonal factors. Meanwhile, scattered evidence is coming to hand that purchasing power is increasing. Chain stores sales, for example, increased about 8 per cent in July, on top of a gain of 3 per cent in June, and employment figures—indicating potential purchasing power — were steadily rising. Farm income, on the other hand, slumped with the fall in the commodity markets in late July and early August.

All in all, the picture is still far from clear. But it must clarify itself before long; for on a convergence of these two lines—the line of production and the line of consumption—rests the success of the NRA.

British Front

EXPORT TRADE is essential to Great Britain's economic life. In this competitive world export markets are hard to get and, once got, they are hard to hold. Stern measures are necessary to keep from losing the fight, but if they are too stern the economic war flares up into military war. Britain forsook gold and improved, relatively, her foreign trade position, only to have her advantage destroyed by the depreciated dollar. Retaliatory measures must be taken, yet they must have finesse and the appearance of innocence and friendliness if other nations are not to take affront. Britain never achieved a combination of these qualities more worthy of admiration than when she recently offered American holders of a dollar issue of United Kingdom 5½s a conversion offer. The dollar was back to par in terms of the pound sterling, and British exporters were growing restive. The British thereupon made the conversion offer on the basis of $3.85 sterling—a rate approximately $1 under the current market rate. One need not expect Britain to admit that the conversion offer was designed to arrest the depreciation of the dollar vis-a-vis sterling. But Britain, by the same token, could not have the effrontery to admit she was unaware of the effect of the offer on the sterling-dollar rate and the alignment in world markets of the two great exporting nations, the United States and Great Britain. In a month after the offer sterling had fallen about 50 cents in terms of the dollar. Great Britain, it would seem, is equally deft in financial and in political diplomacy.

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Latin American Sector

THE VIOLENT OVERTHROW of the Machado Dictatorship in Cuba on August 12 was directly attributable to the repressive and tyrannical methods of the Government, but it cannot be completely explained without reference to the economic conditions prevailing in the Island. Cuba is a country that is enormously dependent on the production of a single commodity—sugar; and for more than a decade, or since the dislocation in world sugar production caused by the war, that industry has been going down hill. Cuba's sugar crop has dwindled in value during the last six years alone from approximately $250,000,000 to $75,000,000. General Machado came into power in the midst of this acute business depression. Instead of reorganizing industry and inaugurating economies and a policy of crop diversification, however, he launched the country on a program of public works and, in order to assure his maintenance of power, initiated heavy expenditures for the upkeep of the army, thus adding to the already crushing burden of debt and taxes. It was in these conditions that the real foundation of the revolution was laid. There has been some economic relief to both Cuba and the Argentine—the only two Latin American countries that have observed the letter of the service requirements on their external national debts—recently through rising commodity prices. Whether it has arrived in time, or whether it is strong enough, however, to stem the strong popular undercurrent of feeling in favor of default, is considerable of a question. In Argentine particularly the "drastic realism" of President Roosevelt's policies is being held up as an example for that nation to follow. It is providing a stimulus for inflation and even default which it is going to be difficult to combat.

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Japanese Front

THE WARFARE in Manchuria has subsided, for the time being at least, but Japan already has another war on its hands, and against a formidable opponent. It is an economic war against British India in retaliation for the latter's most recent 25 per cent increase in the tariff against Japanese piece goods. Preparations are under way in Japan,

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according to advices from Tokyo, for a boycott of British Indian raw cotton as complete as the Chinese boycott of Japanese goods. Meanwhile, the legislators of British India do not mean to default to Japan in the war that is looming. They have issued a warning that if Japan goes through with its threat they will raise the tariff still higher or bar Japanese products entirely. Between April, 1930, and June of this year, India has raised its tariff against British goods three times —in all, from 11 per cent to 25 per cent; in the same period it has raised the duties on non-British goods five time—from 11 per cent to 75 per cent. Since the fourth tariff increase, according to Japanese figures, British imports of Japanese cotton cloths have fallen from more than 62 million yards monthly to less than 40 million; imports of British goods in the same period have risen from 60 million to 65 million yards. Japanese cotton men declare that British costs on bleached goods are 47 per cent higher than Japanese, partly because of labor conditions, but mainly because of the antiquated equipment and methods of the British textile people.

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German Front

NAZI GERMANY, subtle as a meat axe, attempted recently the most unadorned essay in economic nationalism yet vouchsafed to a world overladen with trade jingoism. Herr Hitler and his colleagues, noting in their keen way that the principal German shipping lines were losing money, decided that the losses would be less if all German nationals were required to do their ocean traveling aboard German ships and if German exports were confined to German flag vessels. Several nations, including the United States, prohibit foreign concerns from operating ships in coastwise trade; but the recent German ruling was the farthest north in maritime nationalism. Indications already have come that the force of the ruling will be softened. One is amazed, though, that a nation as long established as Germany in international trade should adopt such a policy. It is estimated that about 80 per cent of the passenger travel on the German liners in the North Atlantic originates in the United States. How Germany could have supposed she could keep this trade in the face of so nationalistic a ruling is a question which American interests cannot answer. It used to be said that Great Britain became a staunch pre-war ally of France only when she saw Germany rapidly stealing British thunder in the North Atlantic largely through the genius of Albert Ballin, of the Hamburg-American Line. The German nationalistic shipping ideas are only a step removed from a particularly ruthless phase of economic war.

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French Front

EVEN THOUGH ROMANCE may have gone out of the sea, nations are still sentimental about their ships. Ships belong in the Adam Smith era of economics, in which trade between nations was regarded as highly desirable; and they are pretty largely out of place in a world given over to economic isolation. In recent years ship after ship has been laid up as foreign trade dwindled, and line after line has got into trouble. The governments have been ready, however, to step in and foot the losses. France, however, is beginning to doubt the wisdom of this policy. The French government has advanced 400,000,000 francs to the once powerful French Line in the last two years, and it may have to put up as much more before the giant liner, Normandie, is completed. It had been hoped that this liner would attract business by its size and speed, but it is now feared that the vessel will only take trade away from the company's other ships. M. Frot, Minister of the Merchant Marine, for one, would like to see nations stop racing for supremacy in size and speed of their commercial vessels. If this idea should spread around the world, the importance to world trade would be enormous. But one need not fear that the shipping competition will be ended, for the idea has sunk in too deeply in the governmental and public mind that liners are invaluable to the national defense. They are the visible link between economic war and war without the adjective. While M. Frot was in the midst of his laments over the race for shipping supremacy, the Italian liner Rex lifted the blue ribbon for speed from the mast of the German liner Europa.

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Russian Sector

RUSSIA IS NOT TROUBLED with labor strikes. The rest of the world may raise the cry of forced labor against the Soviet, but at least Russian trade is not discommoded by wholesale walkouts of employees. Great Britain lost one foreign coal market after another during and after the general strike in 1926, and now she stands to have more trouble of this sort. The Welsh coal strike, it is feared, may result in the diversion of Canadian purchases of anthracite from Britain to the Soviet. In spite of Herr Hitler anti-Communistic alarums and excursions, the fact remains that capitalistic fears of the Russian experiment have been considerably stilled and soothed during the depression. Baiting of the Bear has become much less popular. Instead, Europe and America are looking increasingly to Russia as the most inviting market nowadays. More figures have come to hand showing how much ground for improvement there exists in trade with Russia. Imports from the United States in the first six months were $3,003,800, against $85,838,000 in the corresponding period of 1930. Three years ago the United States sold more goods to Russia than any other nation. In the first half of 1933, however, Germany sold seventeen times and Britain three times more to Russia than did the United States. Obviously, Russian orders no longer will help Herr Hitler reduce German employment figures. Who will get the business?

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British Commonwealth

FEELING HERSELF ISOLATED between the United States and the Continental gold bloc, Great Britain has been taking steps to draw her Dominions to her so that their trade relations can become closer. The economic interests of Britain and the Dominions are not always parallel and co-terminous, but Britain is now watching sharp to see how she can increase her economic and financial contacts with the rest of the Empire. Progress is being made. Already the London market has been opened to admit of the flotation of a Canadian issue, the first in years, and the response of British investors was so prompt and unstinting that Canadian governmental and financial interests cannot but have been gratified. It is now strongly hinted that, as maturities occur, Canada will refund in London the issues outstanding in the United States. If this change of financial allegiance should occur, the difference to this country, one can be sure, will be great.

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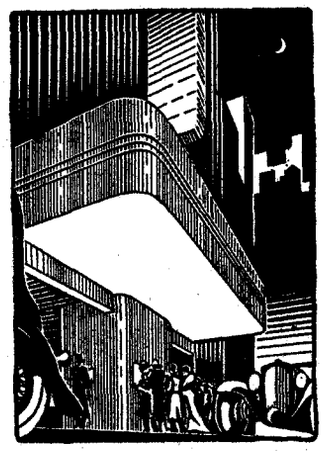
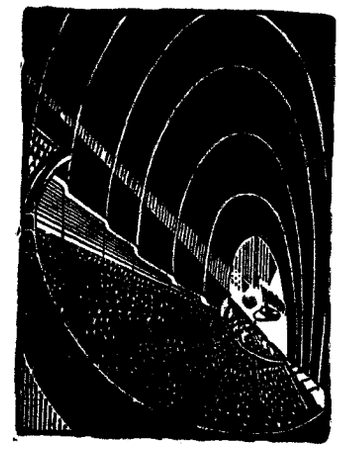


To See or Not to See

By Cy Caldwell



Tugboat Annie — *Metro-Goldwyn-Mayer*

If this picture isn't grand entertainment, then I don't know grand entertainment when I see it. As to the story, it is a rather improbable and sentimental yarn about a brave and lovable old woman, owner and skipper of the tug Narcissus, who has a rough exterior, a heart of pure gold, and a husband almost invariably guaranteed to contain far, far more than four per cent of alcohol by volume. Their son at a very juvenile age becomes captain of a crack liner which breaks a propeller shaft in a storm and is going on the rocks when Tugboat Annie pulls it out of danger through the help of her disreputable husband, who makes a hero of himself by crawling into the blistering hot fire box of the tug to repair a leak in the boiler. All of this would leave you pretty much where it found you were it not for Marie Dressler and Wallace Beery, whose wonderful characterizations of Annie and Terry Brennan make it all seem real and plausible. Not that they are real in an ordinary human sense, for they are not. They are much more real than real people, in the sense that the effective characters from Dickens are more vividly alive in our imaginations than are actual people whom we know. If you must be critical, they are slapstick personalities, drawn with consummate skill by two knowing performers who never miss a trick of expression or gesture; but you can't help believing in them and loving them. Or I can't, anyhow. Like about 98 per cent of the cinema public I'm just an old push-over for the Dressler-Beery partnership.

■

Double Harness — *RKO-Radio*

This poor thing started off as a smart comedy drama about a young woman in the swanky set who tricked the inevitable playboy bachelor into marriage and was determined to improve his morals. Then the producers evidently noticed that there was nothing to it, for they borrowed a few ideas from "Dinner At Eight," and called it a day. Ann Harding, William Powell and Henry Stephenson do what they can. But they lack a play.

■

Another Language — *Metro-Goldwyn-Mayer*

Recommended strongly to your attention is this excellent cinema version of Rose Franken's admirably realistic and diverting drama of the disagreeable Hallam family, which delighted New York theatre-goers for more than a year. Despite such undeniable defects as an overemphasis of the dismal family types, and that static quality which burdens nearly every photographed stage play, the picture as a whole affords satisfying entertainment for the adult cinema patron—the Forgotten Man of the Movies. The story, as nearly everyone knows, tells of Stella, the sensitive and independent girl who thought that she had only married Victor Hallam, but found that she was bound by matriarchal ties to the whole dreadful Hallam tribe. It congregated every Tuesday evening around whining Mother Hallam; pandered to her selfish whims, stuffed itself with food, gossiped, made life miserable for Stella. A picture of family life painted on brass with a brush dipped in acid. To many a spectator it is like glancing through the family album. Helen Hayes as Stella is splendid, Robert Montgomery as Victor does well in a part for which he is unsuited; and the late Louise Closser Hale has finished her career with a brilliant portrayal of the character of old Mrs. Hallam.

The Big Brain — *RKO-Radio*

That excellent actor George E. Stone presents a convincing characterization in The Big Brain. He portrays Max Werner, a bootblack in a barber shop who became associated with a high pressure stock selling enterprise and soon rose to the very heights of shady Big Business, selling fake stock in London. A difference between Max Werner and Sam Insull was that Max did return to the States, where we see him at last shaving his colleague in the barber shop of a prison.

■

Storm At Daybreak — *Metro-Goldwyn-Mayer*

Storm at Daybreak begins in a grand manner with the assassination of the Archduke Ferdinand at Sarajevo, the outbreak of the world war, and the clashing interests of the Austro-Hungarian empire. You are all ready for a magnificent world drama, spread lavishly over battle-scarred Europe, when what pops up but the all too familiar triangle of our youth: the old husband, the young wife and the handsome lover. The same yesterday, to-day, and probably to-morrow. Walter Huston, Kay Francis and Nils Asther are effective in the principal roles. But it's all pretty obvious.

■

The Rebel — *Universal*

The chief trouble with The Rebel is that Luis Trenker as the romantic young medical student who leads the rebelling Tyrolese against Napoleon's troops and makes love to Miss Vilma Banky is old and wrinkled enough to be almost anybody's father. Thus the film's only romantic illusion resided in Mr. Trenker's own mind. However, in those scenes when the embattled Tyrolese hurl generous portions of the Alps down upon the heads of the French soldiers, The Rebel is well worth watching. In the last reel Mr. Trenker gets shot. I think he deserved it.

■

Don't Bet On Love — *Universal*

An unpretentious, but bright, breezy, and generally entertaining little program picture about a plumber (Lew Ayres) who'd sooner pick a winner at Saratoga than find a leak in the bathroom. With a bow to love, the youth of America and Will Hays, he finally decides to stick to plumbing and Ginger Rogers.

■

Mary Stevens, M.D. — *Warner Brothers*

Somebody somewhere must have read Sinclair Lewis's "Ann Vickers" and then eaten a broiled live lobster and had a feeble nightmare. The result is before you in Mary Stevens, M.D., if you're not wise enough to dodge. It depicts the professional and love life of a woman doctor, and offers as entertainment the following items: two children very ill with infantile paralysis, a baby dying of it, another child with a safety-pin caught in its throat and screaming while same is removed. If that's your idea of entertainment, don't let me discourage you.

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Gilbert and Sullivan Operas *Presented by Milton Aborn at the Majestic Theatre*

Again I am happy to record that Mr. Milton Aborn is making the air-cooled welkin of the Majestic Theatre ring to the gay tunes and mischievous humors of the gentlemen who made London's Savoy Theatre famous. It is no mere pretense of enthusiasm that induces me to urge your attendance at these delightful revivals, for your greater happiness and contentment. They are worth seeing again, and yet again, as large audiences at Pirates of Penzance and Yeomen of the Guard testified with applause that demanded encore after encore. Not even a mild attack of grippe and a train ride of 25 miles could keep me away; and so long as Mr. Aborn continues to present these gracious and engaging operettas I shall endeavor to summon the strength to arise from bed and journey to see them—and feel the better for it, despite a doctor's warning to lie low. In the cast are Herbert Waterous, William Danforth, Frank Moulan, Roy Cropper, Ruth Altman, Vera Ross, Allen Waterous, who are excellent, a chorus that is very good, and settings and costumes from the Winthrop Ames period. And all for a very moderate charge, mark you.

●

Her Bodyguard *Paramount*

Like many another Hollywood attempt at entertainment, this film started out with a sound comedy idea, supplied by Corey Ford, stayed with it valiantly for two reels, and then weakly slid off into the usual ghastly grab at love. When will the movies admit that young love is merely a pleasing incident in a well-rounded life, and not necessarily to be dragged into every picture? In this instance Edmund Lowe, Wynne Gibson, Edward Arnold, Johnny Hines and Marjorie White get started on a good comedy story but that ole debbil Cupid knocks them all out of their better intentions.

●

The Devil's In Love *Fox*

The producers knew that this one was a dud so they tacked a queer title on it to arouse your curiosity. Don't let them fool you. It's a dull and ridiculous yarn of highfalutin' idealism in the French Foreign Legion, with Victor Jory, Loretta Young, Herbert Mundin and Director William Dieterle wasting their talents to no effect.

●

Song of Songs *Paramount*

An intensely interesting example of exquisite beauty in light and shadow, a visual but not a dramatic triumph for lovely Marlene Dietrich, Director Rouben Mamoulian and Cameraman Victor Milner. That the glamorous Lily Czepanek of the film is solely Miss Dietrich it is impossible for me to imagine. She is the charming creation of three artists named Dietrich, Mamoulian and Milner, an artistic conception of poignant beauty, an ethereal figure that never walked the earth—certainly not the earth of Hollywood, and in trousers, at that. As for the story in which this idealized vision moves and has her being, it is an old-fashioned formula triangle drama from the novel by Hermann Sudermann. When the world was younger, it was a great romance. But in the picture the characters of the sculptor, the beautiful model, and the lecherous old baron seem like brittle, dust-covered figures from Madam Tussaud's museum of wax works. I couldn't believe in the reality of any of them. However, Miss Dietrich is always delightful, except when she tries to sing, and shatters our illusions. Her singing is harsh reality with a vengeance.

●

No Marriage Ties *RKO-Radio*

Richard Dix is quite effective as the high-pressure advertising salesman who tosses off sales slogans, revolutionizes an advertising office in his unethical way, and then decides that it all isn't worth while. But as an actor engaged in several elephantine love passages he is merely a middle-aged gentleman doing his stodgy best in stormy weather. Let me hint, in the most delicate manner in the world, that Mr. Dix's days as a romantic screen heart-breaker are past; when he essays the amorous antics of youth he is doing himself and his suffering audience an injustice. Mr. Dix, like myself, may on occasion feel romantic; but we never look it. Let us act our age. In this instance Miss Elizabeth Allen loved Mr. Dix through everything, and Miss Doris Kenyon committed suicide for lack of him. I refuse to believe it. Even Mr. Dix looked somewhat doubtful.

The Phantom Broadcast *Monogram*

Radio sufferers will derive considerable satisfaction from the murder of a crooner; and their enjoyment will be enhanced when the police obligingly shoot the crooner's manager. Outside of these really delightful incidents, the film has little to recommend it.

●

The Stranger's Return *Metro-Goldwyn-Mayer*

Far above the average run of pictures is this Iowa pastoral drama, vividly and realistically directed by King Vidor. It is from the novel by Phil Strong, who wrote "State Fair." To those who have suffered through countless films depicting the antics of gangsters, hoodlums, detectives, girls from reform schools, and girls who can't say no, a really good picture such as The Stranger's Return is as refreshing as the scent of new-mown hay or a drink of milk that has been cooled in the old spring-house down on the farm. It's a homely story of a girl (Miriam Hopkins), the daughter of Grandpa Storr's oldest son, who comes to her crusty old grandfather's farm in Iowa and finds him surrounded by jealous relatives who are waiting for him to die so they may inherit the farm. Grandpa (Lionel Barrymore) urges her to stay on the farm, not return to New York. How Grandpa pretends senile dementia, how the relatives try to have him committed to the county insane asylum, and how foxy Grandpa uses the examining doctors as witnesses not only to his sanity, but to his changed will, makes an entertaining and believable photoplay. Naturally there's a love interest, for the girl falls in love with a neighboring farmer (Franchot Tone); but even that is handled so soundly that it fits in well with the authentic farm atmosphere and the mood of the story. Lionel Barrymore gives a brilliant performance, overcoming the handicap of a property beard that nobody could believe in.

●

Savage Gold *Filmed record of Commander G. M. Dyott's expedition into Ecuador.*

A welcome relief from standard film fare is the first half *only* of this picture that the producers went all the way into the Amazon jungles to make. It is pictorially effective and very impressive when it deals honestly and directly with the wonderful scenery of the Andes and the upper Amazon, with the reptiles, insects, animals, and even the natives of that region. Unfortunately, in an obvious and annoying effort to make a box-office thriller to startle the lower strata of film fans, the last half of the picture degenerates into a shoddy and inept attempt at dramatization. For instance, the narrator asks us to believe that a witch doctor engaged in the secret and mysterious business of shrinking human heads was blissfully unaware of the camera's presence—although the cameraman took close-ups of his hands! The sequence of the natives supposedly attacking the expedition is merely funny; Jivaro Indians are not too good as movie extras.

●

Mama Loves Papa *Paramount*

A refreshingly human little comedy, unpretentious, tenderly sentimental, very amusing and thoroughly enjoyable in spite of a fantastic story. Charles Ruggles as a timid clerk and Mary Boland as his well-meaning, but always blundering, wife offer characterizations that are little short of perfection. Natural dialogue and the deft and gentle direction of Norman McLeod do the rest to make Mama Loves Papa a pleasant change from the usual Hollywood product in which hardly anyone ever resembles people you meet in real life.

●

Three-Cornered Moon *Paramount*

When this bright little play by Gertrude Tonkonogy was presented on Broadway last winter, I reported: "If you're not too hard to please you'll be able to laugh heartily at this often witty and sometimes silly little comedy." You will still be able to laugh, though not nearly so heartily, at the film version. For Three-Cornered Moon has lost just about what it would lose if presented by a second rate summer stock company. It has lost Cecilia Loftus, who was nit-wittedly delightful as Mrs. Rimplegar; it has lost Ruth Gordon's tender, romantic, keen-edged characterization of Elizabeth; it has lost Brian Donlevy's sound playing of the doctor; and it has exchanged its air of unconscious insanity for a determined effort to be wildly irresponsible. With Mary Boland, Claudette Colbert and Richard Arlen doing well enough in the parts I have mentioned it is still diverting.

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People Without Codes

By Donald Wilhelm

In time of war, people have appeared whose claims to exemption from emergency legislation have been respected. Donald Wilhelm, who contributed "Exodus, 1933" to the June NEW OUTLOOK, discusses the case of those who seek white bars for their blue eagles.

SCENE I: A retail grocery store on the main street of a Massachusetts town of 6,000. *It is one of* 108,744 *retail establishments in New England and* 1,510,000 *in the United States, according to the* 1929 *Census, providing full-time employment to* 3,833,581 *persons and part-time employment to* 674,559. *Two man clerks are preparing for the day's business. One, wielding a broom, boisterously whacks the other and repeats, sotto, a newspaper columnist's lines.*

Clerk: "I cut my profits and I raised the pay,
And now I am a member of the NRA."

Scene II: At the back of the store, at a small desk, vaguely listening while pondering a yellow pad covered with figures, is the proprietress, a gray-haired business woman in her late forties. At her left is a sheaf of bank reminders of notes due and payable, and a neat pile of supply house statements and, by itself, a tax collector's warning. At her right is a short list of customer accounts unpaid, in large part bearing question marks. And before her is a communication from the President of the United States, the first she has ever received: a blanket agreement to be signed by her.

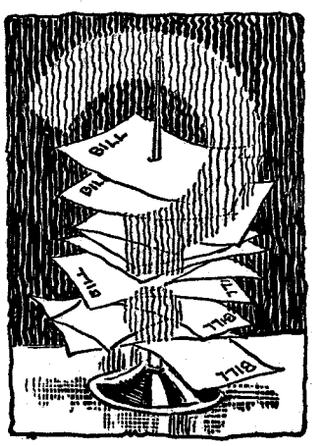
A reporter enters.

Storekeeper (visibly apprehensive): What can I do for you, Sir?

Reporter: I see no Blue Eagle in your window.

Storekeeper (trembling): I want to do my part. *I can't!*

Reporter: Then I certainly wouldn't. I just don't believe that our Government does business that way.



Storekeeper (examining his card for the first time): It's been hard enough to keep my business going at all, surrounded as I am by three chain stores. I have been operating at a loss for nearly three years. I have had to borrow at the bank (*She indicates the notifications at her left*) and have not even been able to meet the interest on two mortgages, and my taxes are in arrears. It is a fact that my help has been making more than I have. But now I am told that unless I employ another man and pay him actually more than I have been taking, I'll be boycotted, my customers will be asked by our Government, and by various patriotic societies, to trade elsewhere.

Reporter: Of course NRA is a wholesale effort to get us out of the Depression.

Storekeeper (impatiently): Yes, I know. But it won't get me out of the Depression.

Reporter: Won't it increase your business in the long run? And your volume? And your profits?

Storekeeper: I don't see how. Besides, I can't afford to take the long view. My problem is—is now! My husband died two years ago. We had always been partners in everything. I kept his books. He always said I was the best man in the place. I lost our home last winter. I couldn't even get fuel, let alone money for interest and amortization. My two children and I are living in two rented rooms. This place is all I have left. And now I am told that I must keep the store open as many hours as before and reduce the hours of my help in such a way that I must hire another man. But I can't! (Her voice rises extremely.) *I can't!* It's exactly as if the Government had ordered me to take bankruptcy, exactly as if the President really did say that a business which can't pay its workers a living wage might as well quit!

Reporter: It seems to me that you are taking the worst possible view.

Storekeeper: But you don't know small towns! If I don't employ another man, if I don't have a Blue Eagle in my window, I won't have a moment's peace. Yesterday the head of one of the local woman's organizations came in and asked me if I am a slacker—I who lost my only brother in the World War!

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This picture, while authentic, is extreme.

Yet, from interviews with many small retailers, it would seem that there must be, after four years of depression, thousands of more or less parallel cases. And, as a consequence, it would not be surprising if, after four months in which there has been a swift, a heartening and almost unprecedented decrease in commercial failures, there will now be a rapid increase in them and, in that case, NRA will in measure have defeated its own purposes.

Its purposes, of course, are *not* punitive. On the contrary they are of such immense scope and significance that, in the long view, everyone must subscribe to the President's prophecy to the effect that history would deem NRA, with its accompanying appropriation for public

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works and much else, as the most important legislation ever enacted by Congress. But, after all, a state of mind is the realest thing in this world and I, for one, heartily wish that our Goverment had exempted from NRA our small retailers.

The great bulk of them are proverbially hard put to get along.

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Indeed they constitute, as has often been said, a group apart, containing more rugged and stubborn individualists than any remaining group of Americans. For the most part they are men and women whose dream it has been to go it alone, to have their own businesses, to pioneer rather than to work for salaries, or wages. Many have gone into business on a shoestring, as the saying is, only to pay for the experience on their uppers—statistical agencies charge most commercial failures to inexperience and dishonesty. Few are good accountants or have dependable cost records. Most are content with a scant living. And, as a consequence, if interviews with many of them are any token, the sum total of national gain anticipated by application of NRA to them will not approach the sum total of loss.

To one, for example, I insisted that NRA justifies its existence, to go no further, solely by its sweeping eradication of child labor, after decades of more or less fruitless effort in its behalf and our failure to ratify the child-labor Amendment passed by Congress in 1924. But he replied that he did not know any storekeeper in his town who employed children other than members of his own family and that NRA will cause more storekeepers than ever to make use of child members of their families for commercial help. "Instead of raising the pay of the only man I use," he concluded, "I've let him go."

And when, to yet another, I made the same point, he replied that the great bulk of small stores are family affairs and that the owners or partners in nearly all cases work in the stores—a fact well established by the Census.

To another, a sturdy old German baker seated in a rocker reading his evening paper, relaxing at sundown against rising before sun-up to tend his ovens, I suggested that a reduction in working hours certainly is a desirability, particularly in a time when there were fully 5,000,000 city unemployed who could not otherwise hope ever to have regular city employment again. He pondered, pulled on his pipe and aswered: "It's a good thing for the country. It will mean more jobs. But it won't make more jobs in small stores like this. A storekeeper's job is never done. Most of 'em will have to quit sleeping altogether."

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To still one more I argued that it would have been useless to shorten the hours of employees (not of owners or executives, however, who can, and in many cases will need to, work longer and harder than ever under NRA) without establishing minimum wages. But he replied that this ruling made most storekeepers less than ever likely to employ help; that in his own case NRA would not operate to increase the volume of his business. "It's the big stores that stand to increase their volume," he insisted. "They have capital and can see things through. They can advertise. They can raise prices, by agreement or otherwise. Do you know that a big city department store stocks as many as 200,000 items? But we little fellows, we can't raise prices! And we can't expect to increase our volume."

"Then," I asked, "what do you suppose most small storekeepers will do?"

He answered: "I *know* what they will do: Some will pull in their horns and discharge their help and get along as well as they can without any outside help. Some will quit, and go to work for the big boys. And all of those that don't quit will sit up late figuring out ways to fool Uncle Sam!"

All through numerous interviews two thoughts repeatedly recurred: *First,* indications everywhere that small storekeepers (and no doubt many that are large) feel justified in resorting to subterfuge such as will no doubt make NRA enforcement more vexatious than prohibition enforcement or the more polite games of "beating the customs" and the income tax; *second,* expression of the idea that NRA favors the big business against the small.

No doubt this indictment, to my notion fallacious, is an echo from the battle which has prevailed throughout the Depression between Little Business and Big, notably on the manufacturing side—a battle which without question, and for the good of the nation, I think, operated in the end to array both Big Business and Labor behind NRA.

In this battle Little Business enjoyed many inherent advantages over Big. For one thing, as I had occasion to point out in a recent issue of NEW OUTLOOK, a large, mass-financed, mass producing or mass-servicing industry is not so "able," in rough weather and tight quarters, as a small one. It cannot operate on order only. It cannot easily consolidate jobs, or freely cut wages and discharge or exploit its help. It has responsibilities to its security-holders that it cannot ignore. It has, among its most important problems, a public-relations problem, with which is coupled a labor problem; is usually vividly conscious of its prestige, of its status as an institution; and is likely to have in mind Lincoln's dictum, "With public support, anything is possible; without it, nothing."

Moreover, most of our large manufacturers have industrial and managerial Science as their hand-maids. As a consequence some have been, and now are, able to approach or to exceed 1929 production with perhaps a third fewer workers, operating at a fourth or a third less pay per hour or piece, on a schedule of less than forty hours a week. Such companies can well afford to maintain wages at, or above, the levels prescribed by NRA, while operating with as few hours as are prescribed, or fewer even. To that extent, then, no matter that some adjustments may be required, many, I think most, of our large manufacturing enterprises were advantageously situated to approve and to accept NRA. Moreover, they, above all others, stand to gain from increase in buying power, because they are prepared for volume.

Clearly, in other words, such fortunate companies had everything to gain from NRA, except possibly the debatable right of their workers to organize collectively.

And, in the larger view, they deserved to be rewarded, especially since many small companies, not content with

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their inherent advantages of greater maneuverability in stormy weather, resorted to deliberate exploitation of their labor, not only in point of hours, but in wages and conditions. In our worst industrial example, our coal industry, Ohio and Indiana companies were employing skilled miners to work underground at a dollar a day. In the building industry, once well organized, skilled artisans stood ready to work at anything they could get. In many industries pay for heads of families and others reached such abysmal levels as twenty-five, twenty, even ten cents an hour. And, particularly in textile and novelty industries, sweat-shop work was revived on a large scale, and other conditions of demoralization appeared. In a New England State, for example, one textile mill "employed" hundreds of girls with the understanding that if they were satisfactory at the end of one week's work, *but not otherwise,* they would receive three dollars for that week's work and three dollars a week thereafter, until discharged. And near New York City, fly-by-night textile operators appeared in industrial towns, advertised for workers, got their work done, folded up their tents and disappeared, often leaving wages, rents, and other costs unpaid.

And worse still, in the view of competitors who for a thousand reasons refused to adopt such ways and means, the products of such working conditions were dumped on markets for what they would bring, and markets as a consequence were demoralized.

To correct such conditions and to achieve other ends that, for better or worse, were sought by the President, by Capital, by Labor, and by veritable legions of unemployed, NRA is the historic answer.

With such support, it is conceivable that it could have achieved success with much less of the juvenile sloganeering than attends it. Certainly most of our big industries would have "volunteered."

And in any case one wishes that retailers, at least small retailers, had been exempt from its exactions, as indeed they might well have been were they organized and as articulate, and therefore as influential, as our farmers have all along been and as our big merchants are, through their associations.

I can't see anything important to be gained by putting pressure upon small retailers; but I can see debits chargeable to the fury of boycotts energized against them, including the raising of feminine eyebrows, the jerking of scornful thumbs in their direction, the giving up of ghosts, and a premium upon subterfuge that no amount of such bluster and roar as attended gold hoarding and prohibition can thwart or prevent.

In a certain New Jersey town, for example, a humble delivery boy serving almost the first merchant to sign the blanket code and to bruit that fact in the local paper, asked his boss, "When do I get my raise?" And his boss answered, so the boy, like many another, complains: "Sh! We'll talk about that later. When Santa Claus comes to town!"

And in my own Connecticut town already tongues are wagging, merchants seem arrayed, by their Government, against one another!

It isn't a pretty picture!

It reminds one of the remark of Henry Thomas Buckle, the English historian:

"Compulsion and interference are so essentially mischievous that it is often better (I believe I may say *always* better) to tolerate the worst social evils than to seek to remove them by the coarse hand of legislation."

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Whither Relief?

By Alexander Bevilacqua

The possibility of the creation of a permanent army of the unemployed when mass relief becomes a football between corrupt politicians and inefficient relief workers is discussed by Alexander Bevilacqua, a well known editor of our foreign language press.

"WE ain't gonna work no more, no more . . ." In a concert of hoarse, throaty voices a devil-may-care crew of men riding on a truck marked "Park Department," sang this parody of a ditty that was popular some time ago. The truck careened along like a bus destined for some far-off picnic ground and the tilting sensation as it swayed around corners, or shot down an incline, seemed to lend zest to the singing.

"Pipe down, you paupers!" shouted the truck driver finally, and the sally was greeted by a roar of laughter.

Along the sidewalks people stopped and regarded the merrymakers curiously. Who are they? Why are they celebrating? To these repeated questions an obliging policeman finally answered, "Oh, they are guys employed on that unemployment relief thing. . . . "

But where was the sadness, "the pinched look of hunger," that we read so much about and which seems to be apparent only to the eyes of patronizing sob sisters and brothers? Surely these gleeful, robust men didn't look as though they needed help of any kind. But this is not the whole story.

It is superfluous to say that the great period of deflation —even by this name it's still the Depression—made thousands of people dependent upon organized charity, public and private, for subsistence. We couldn't just leave them to starve, and the prompt way in which America succored them will rank as a major achievement. But the philosopher was right who said that evil is inevitably a counterpart of good. This relief which should have been a temporary measure to be substituted by a constructive plan in a short time, has fallen into the hands of professionals, and bids fair to become a permanent and debilitating part of our social structure. These professionals, wielding a power and influence reminiscent of the drys in their heyday, have fixed their tentacles on the body politic, and it is going to be difficult to dislodge them. The smoke-screen is the word "non-partisan," which baffles the politicians and the public alike, and has made of relief directors dictators who take orders from none. Raising the battle-cry, "Keep unemployment relief out of politics," they have won the support of public opinion and have built up a bureaucracy as arrogant, as selfish and as intolerant as any political group could possibly be.

Dr. Frederick J. Farnell, head of the Rhode Island Commission of Public Welfare and a nationally known psychiatrist, put his finger on the crux of the matter in an address before the Rhode Island Chapter of the American Society of Social Workers, when he said:

"You will realize that social reform is not to be gained by the windy and impractical speeches of social workers themselves, but only by gaining the interest and support of practical and intelligent politicians, who, after all, are a great deal closer to the common people than you are."

But aside from the bureaucratic caste which has sprung from the abnormal situation, there is the unsalutary effect of the whole business: the subtle but apparent change in the psychology of those who at one time had actually to work for a living. For years we ridiculed the philosophy contained in the saying, "The world owes me a living," but we may have to accept it as a fundamental American concept before long if the present rate of relief continues.

Hundreds of thousands all over the country who have always felt a strong aversion to physical exertion of any kind are now on emergency payrolls and receive innumerable other benefits from private and semi-private agencies. In other words, those who constitute the normally unemployed and who would remain so even in times of prosperity are usurping, to a great extent, the places of those who are honestly in need, and are distressed through no fault of their own. In any city which uses an emergency employment plan one can see gangs of them lying sleepily on park benches and on the grass, or shooting "craps" under shady elms.

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The vast army of public charges is increasing daily, getting recruits from the veterans who have been cut off from all Government allowance in the form of compensation, pension, hospitalization, etc. Since Uncle Sam's mail carriers stopped delivering those oblong brown envelopes containing the blue-green draft on his treasury, thousands have applied to local agencies for relief. Many of them are broken in health, and now they are broken in spirit to think that a subsidy, once considered as sure as taxes and death, has been summarily cut off. The backwash threatens to inundate the charity wards of the hospitals, both public and private. The demands upon the local

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relief committees will be greater, far greater than ever before. These, in turn, will appeal to the state and the state, inevitably, will appeal to the R. F. C., which will probably be blown up by inflation by that time to a huge, roseate colored balloon. A merry-go-round that's making the whole American public giddy. . . .

The country went through the original $300,000,000 R.F.C. allotment in less than a year. Another $500,000,000 has been appropriated under the Wagner-Costigan-La Follette Bill, which makes all of that huge sum available to the states in the form of outright gifts. Despite all the precautions and the complicated checking system employed to control distribution of the funds, millions will undoubtedly go astray. The most cursory examination in any city will reveal a strong undercurrent of dissatisfaction with the way relief is handled if not the outright discovery that favoritism and graft prevail.

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One of the glaring mistakes of the relief administration is the neglect to provide for the small real estate owner. To be a property owner means to be excluded from every form of relief regardless of one's economic circumstances. One may own a miserable, weather-beaten shack on the edge of a dismal swamp. Such an owner may be sick and without any possibility of getting aid through private endeavor but he would be rigidly excluded from all or any official benefit. So the erstwhile thrifty, hard-working citizen who has put his savings into a bit of property is penalized for his virtue as a homemaker, and the roustabout, the idler, the "live-for-a-day," hero is taken to the bosom of the state, coddled, fed and clothed. "From now on," says the respectable, industrious citizen, "I too shall follow the philosophy of Omar and sleep with the sluggard. . . ."

"Public Welfare," states the report of Mr. Hoover's Research Committee on Social Trends, "is the welfare function of the Government . . . a scientific, practical way of attacking problems of inequality . . . " This harks back to the sentiment expressed in the Declaration of Independence about the equality of everybody, at least in its economic phase. But if the Government expects to balance the economic inequalities of the population through methods of public welfare, one can readily picture the huge reservoir of cash which must be kept on hand and rapidly expended before even a relative equality is achieved. What other governmental patronage in relief is carried out in accordance with such a philosophy?

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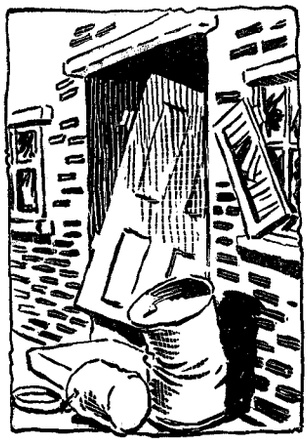
A newspaper headline unconsciously hits the central idea involved in relief as it is now practiced by the phrase "jobless labor." Millions of dollars are being expended in carrying on this work that doesn't provide jobs. Most of it has consisted in so-called "beautification" projects. Public gardens, hospitals, etc., have benefited to some extent from it, but on the whole it has been largely non-utilitarian play. It finally dawned upon some of the City Fathers of an eastern metropolis that much practical benefit could be derived from this labor if it were directed into proper channels. Instead of giving road jobs, for example, to private firms that use chiefly time-saving machinery, these "unemployed" could be used and paid a higher hourly rate than they are now getting, but they would actually have to earn it.



Those cities which have this unemployment relief plan in operation abound in slum areas. What better opportunity to get rid of these festering places of disease and crime? Property values are at their lowest ebb and the cost involved in the project would amount to considerably less than in normal times. Millions now wasted in relief might be used constructively with a resulting benefit both to the municipality and to the public. The same applies to the construction of playgrounds and public buildings. The plan would have to take into consideration, of course, the danger of competing too much with labor and with private enterprise. Certainly an intelligent plan could be worked out that would not be inconsistent with our ideas of "individualism" in industry.

Eighty-one cities (these are Russell Sage Foundation figures) used $169,917,723 for relief in 1931, an increase of more than 150 per cent since 1929. A total of 400 Community Chests spent $65,000,000 in 1932. Concomitant with this increasing outlay for relief is the alarming increase in public expenses. They increased 167 per cent in 1930 over 1929; 225 per cent in 1931 over 1930. To visualize what all the cities and towns of the United States will spend in 1933 for relief of one form or another, through public or private agencies, simply staggers the imagination. Isn't it possible that this almost mythical amount, that runs into billions, could be used in a way to stabilize industry so that jobs would be jobs and not "jobless labor"?

One of the obvious effects of widespread relief is the change in the psychology of those who were "too proud to beg." Now it has become a distinction, a boast, for one to show that he has "chiseled in" on the graft, as it is popularly called. Factories find it difficult to lure these relief beneficiaries back to work once they have tasted the enervating pleasantness of being paid for nothing. "Why should I go back?" runs the general opinion, "I get $12 a week from the city. I get food, flour and clothes, and I don't have to pay rent. What a sucker I would be to go back to work for $14 a week and have to pay all my debts. . . ." In one city of 250,000 population 36,000 are being cared for, slightly more than one-sixth of the total population! Your neighbor can't high-hat you for being on the relief list now that he's on himself, and so pride flies out of the window as we all stand in line to "get ours."

The huge reservoir of public funds, however, runs dry from time to time and has to be replenished with bond issues, special appropriations and allotments from the apparently inexhaustible R. F. C. At least this mighty national reservoir might be kept inexhaustible by skillful, if doubtful, manipulation of the nation's finances, and, as a last resort, by authorizing the printing of more currency. Notwithstanding all this, the beneficiaries are banding themselves in "Right To Live" clubs all over the country and agitating for a "living wage."

Their contention is that relief jobs should approximate the pay of union labor in order that the jobless worker

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can maintain a decent standard of living and the union laborer won't have to fear any further competition.

They want all "red tape" abolished, all restrictions removed so that any unemployed can get on the relief rolls at once. In addition they want the right to dictate the number of working hours, the kind of work they are to do, and to name the foremen. With no practical ideas as to how to keep the tap of public money flowing, the leaders of this movement seem to be supporting a one-sided policy which makes of relief an obligatory dole from the Government regardless of who pays the piper. In one city they even went on strike to enforce this policy!

On one count they are absolutely right, and that is that both parties have been guilty of ballyhooing relief for political advantage. Each tries to make the public believe that relief is to be had only because of its good offices, and that, thanks to Republican, or Democratic, virtue, the needy are being well taken care of. Those who in any way question the expenditures, or desire to place a rational check upon them, are dubbed "inhumane," and excoriated from the soap boxes. The best phrase to describe all this maneuvering to make political capital out of a sad situation is still that coined by Herbert Hoover. "Playing politics with human misery . . ." he said, and that's exactly what it is.

In some sections of the country, where political control is split, the public is treated to some weird rites in the distribution of R. F. C. plums. One governor insists on handling the funds himself outside of the regularly instituted financial departments and allots them to officials of his own party even though he may be outranked by one of the opposing party. Of course, he surrounds this chicanery with pious talk about "fair play." Recently he incurred the wrath of the State legislature by approving of the Relief Director's policy of hiring social workers outside the state. A Senatorial investigation followed which brought forth startling disclosures and gave the public an insight into the workings of the mercilessly cold-blooded and efficient bureaucracy now operating throughout the country in the name of relief. The Governor, a pedant, who has a strong inclination to favor anything that smacks of the academic, whole-heartedly backed the Relief Director, who talked grandly about "science and efficiency."

The investigation threatened to wreck the Governor's entire administration as Senators of his own party showed signs of rebellion. Public opinion was with the investigators and the tide was mounting. As the session was drawing to a close a resolution was passed empowering the Senate committee to continue the investigation. The Governor refused, naturally, to approve it, and the attorney general, a run-of-the-average party puppet, backed him with legal approval of his stand. Then, to further silence the guns of the inquisitorial committee, its most vigorous and eloquent spokesman was given a high-salaried job on the new Liquor Commission. Having thus forestalled all chances of serious trouble he graciously accepted the resignation of the Relief Director, and the brotherly love shed in their correspondence on the subject is redundant with sophomoric expressions of gratitude and the customary regret. The investigating committee is now tongue-tied, if not wholly disorganized, and has lost legal caste. The "stormy petrel" has voluntarily removed himself, and the Governor may now distribute the bounties of the R. F. C. when, and as, he sees fit.

The controversy strengthened the suspicion which has been lurking in the minds of thinking people that social work is not what it's "cracked up to be." A by-product of sociology, it has lost all contact with fundamentals. "The truth is," says June Purcell Guild, prominent herself in social work, "the depression has swamped social work. Whether it will ever again justify its proud claims of prevention, rehabilitation and adjustment remains at this writing in doubt. . . ."

There is nothing whatever to substantiate the claim that social workers are better equipped to handle the work of relief. They are trained to take care of problems affecting the under-privileged in ordinary times and this doesn't vest them with a clairvoyancy and penetration which would enable them to meet the problems in abnormal times. The clinching evidence against them is that with all the years of experience behind them, with all the billions of the professional philanthropists and of the community chests at their disposal, they were caught napping by the inundation of the Depression and are as much at sea as are those who still refer to investigations as such and not "case work." The job of prevention is one that entails something deeper than just the application of high-sounding terminology; the job of rehabilitation is something more involved than merely providing undignified and transitory "jobless labor"; the job of readjustment is one that calls for more sympathy and understanding than what is known by supercilious workers grown independent because they have become political untouchables. In many large cities ordinary policemen used to make the investigations to determine whether or not a family was deservedly on the charity list. Without benefit of pedagogic psychological terms, they went colloquially to the heart of the problem and got results. Today our highly trained workers, with a halo of ethics about their heads and the backing of persons overawed by their complicated and oftentimes incomprehensible phraseology, have made a tragic mess out of the business of administering relief.

Of course, the lot of thousands has been temporarily lightened, but so does a dose of digitalis lighten the suffering of the sick man eventually doomed to die. Relief has become a narcotic slowly eating away at the layer of enterprise and ambition that used to be outstanding characteristics of an American. A munificent and indulgent Uncle Sam keeps refilling the needle, shoots the stuff in, and puts the buoyant reaction down as indication of the "upturn." . . . $500,000,000 for the Reforestation Army . . . $3,300,000,000 for public works . . . $100,000,000 for the work of the community chests . . . millions more provided by the local cities and towns through excess tax levies on automobiles, on income and so-called luxuries . . . governmental plans calling for millions more for farmers, for gigantic developments of one sort or another, for "controlled industry" . . . this mad merry-go-round of relief whirls faster and faster; a complex, chaotic and corrupting maelstrom.

These squandered billions could have been used to strengthen the basic structure of our American society, but have, on the contrary, weakened it. They have acted as an opiate on the American people. The official largesse has undermined public morale to a very serious extent, and when our public men indulge in roseate statements seeking to soothe their own and the public conscience they become 1933 editions of Nero, and the synonym for "relief" is in danger of becoming "remorse."

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I Can Put Twenty-Eight Men to Work

Anonymous

LET it be understood that I am a perennial Democrat of many years standing. I am no economist, but therefore this is strictly an economic holler and is in no sense political.

As far as I am concerned the "New Deal" is a myth, like Herb's Prosperity. Someone evidently stepped in and cut the deck before the dealer reached me, or perhaps I forgot to get up and walk around my chair three times.

Back in 1930, about the time the Great Engineer was hitting his stride, I started to stumble. Being a Democrat, I'll never forget that. The pruning was under way. At first only a ten per cent cut. Not at all bad, but those little practices, like history, have a way of repeating and the knife was again brought into play after a few more months, and seventeen per cent more was lopped off. By this time the old familiar pay cheque was looking pale and wan and was in no way needful of dieting.

Just about the time my mind was made up that things could be worse, they proved it to me conclusively by slicing once more, this time a good healthy he-man bite of fifty per cent!

Early in 1931 50 per cent loans on the so-called Bonus was made available and, transportation being an important factor in my job, I invested in one of the Model-A's, all the rage at the moment. Two tires are now worn as thin as the ham in a night club sandwich. I can give work to a good tire-maker.

When I step on the brakes I just keep right on going places. Can use a man for a good brake job.

The muffler has blown out at one end. Work for a metalsmith.

Under the head of that motor there is enough carbon to make an arc-lamp. A good mechanic can find gainful labor overhauling that motor.

The radiator leaks itself dry every twenty-four hours. Wanted—one more man.

Now those fenders, through being out in all sorts of weather, are growing a bit rusty. Maybe it wouldn't be a bad idea to have the old bus painted. Work for a first class auto painter!

They say a man's home is his castle. Guess mine must be a medieval castle. A carpenter can keep busy installing weather strip to forestall this Michigan climate and a decorator could get my floors all smeared up with paste hanging some new, clean wall paper.

A plumber can go back and forth a few times for the tools he forgot while he installs a laundry tub to take the place of the one which don't hold water—at the moment. The furnace can be cleaned and overhauled in preparation for the cold days and night ahead. Employee number ten can take care of that.

After having the car put in such excellent condition it is only proper to furnish it with decent quarters, so another "breadliner" can keep out of the breadline while he lays a cement driveway and floor in the garage.

The awnings gave up the ghost last summer. A good awning-maker can start threading his needle.

With hay-baling wire I patched the springs in two beds but I confidently believe I could rest much better if a good, experienced spring and mattress maker would make us some new sleeping tools.

The door on the refrigerator doesn't close very tight and the ice melts mighty fast. Perhaps I can put a man to work building one of the new and modern electric refrigerators with cold control, bottle space 'neverything.

Two healthy, energetic young boys and their dog don't benefit living room furniture the least bit. Send around a good upholsterer.

My wife says I should get a man busy on a new vacuum sweeper. The one we have makes a racket like a stone crusher and wouldn't pick up a dollar bill if we had a dollar bill to pick up.

As man to man I could put a tailor to work, since the suit I bought a year ago last spring shows some signs of wear and is rather lonesome, being an "only child." I need shirts, socks, underwear, etc., so another can get busy on those.

Employees Nineteen, Twenty and Twenty-one can start right in on a winter coat, hat and shoes for Mrs. Hoover; and Bob needs a new school suit and a raincoat.

Hamburger and onion make a tasty sandwich at a lunch wagon or barbecue stand, but too much hamburger or vegetable stew eventually becomes an unappetizing diet, so I can put one of the distressed farmers to work raising some porterhouse steaks and virginia hams.

The old copy-book axiom, "All work and no play makes Jack a dull boy," brings in the question of recreation such as a bicycle for Bob, new toys for Donnie, not to mention relaxation for Mrs. Hoover and myself.

The Younger Generation, complaining of life being a bore, with no thrills or excitement, should trade places with me and within one month they would be as grey as the door-step-camping wolf.

Anyway, here is my Want Ad:

WANTED—Tire-maker, brake expert, metal worker, auto mechanic, auto painter, radiator builder, carpenter, decorator, plumber, furnace repairman, cement worker, awning maker, spring and mattress maker, electric refrigerator engineer, upholsterer, vacuum cleaner mechanic, tailor, shirt maker, ladies' tailor, milliner, shoemaker, boys' clothing worker, farmer, bicycle builder, toy maker, movie actor and brewmaster, and just for good measure, I'll hire a gunsmith to make a rifle so I can take pot-shots at the wolf. Twenty-eight. You count 'em.

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Outlook Book Choice of the Month

Reviewed by Robert Cantwell

THE CRIME OF CUBA, by Carleton Beals. Illustrated with photographs by Walker Evans. $3.00. 441 pages. Philadelphia: J. B. Lippincott Company.

CUBAN REVOLUTIONISTS, far more than the author, should be given credit for having made this book important. At any other time it would deserve a place as a colorful piece of journalism, partly a political and economic study of Cuban life and partly an impressionistic travel sketch of the type that Paul Morand and others have done more skillfully. Now, with the revolution still going on, though in a new phase, with Machado in exile and the chief members of his staff slain or in hiding, and, most significant of all, with the harbor workers of Havana, Santiago and elsewhere still on strike, "The Crime of Cuba" gives one a real insight into these recent developments which the newspapers only make confusing. It gives a resume of Cuban history, as well as a fully documented list of American investments; it gives the political orientation of the various classes and the tangled racial conflicts within them; the acute economic distress and the complete demoralization of the traditional ways of living. After making this analysis, Mr. Beals ends his book with a prophecy. "Cuba, unless a remedy is soon found, will be reaped by the holocaust of civil war . . . the hammers of revolution will smash the mills which have become only symbols of misery." Events substantiated his prophecy before his book was released.

Of course, it may be said now that such a prophecy was as safe as prophesying that the sun will rise tomorrow morning. Actually, however, an observer or a reporter must inevitably be more aware of the strength of a government than of its weaknesses. He sees the power with which it suppresses its oppositions, until the final moment of its overthrow; and he sees all around him, in the veiled or open censorship, in the police and the army, in the loyal government employees, tangible evidence of its stability. If he talks to government supporters he naturally hears of government success; if he talks to the opposition he hears of political murders, of spies and secret police—further indirect evidence of the government's power. Moreover, revolutionists traditionally underestimate their own strength and exaggerate the strength of the government they are attempting to overthrow.

In the case of Machado, evidence of his power was conspicuous until a week before he was deposed. The list of American leaders who have praised him was in itself testimony of the firmness of his hold. Mr. Beals mentions Thomas W. Lamont's now famous remark that Machado should remain in power by any means, as one example of Machado's popularity with American business men. He goes into great detail in tracing the involved connections of such prominent Americans as Secretary Woodin, Daniel Roper, Norman Davis, Herbert Lakin and others with the Machado regime; he quotes the praises of Coolidge and of William Green; he discusses the coöperation of the United States Department of Justice with the Cuban secret police in checking on the activities of political exiles in this country. In all, he builds up so impressive a picture of Machado's power that one suspects that the revolution took place before he expected it. These facts also make it clear that the revolution was less a planned and organized attack than a spontaneous uprising, an expression of the wrath of a people driven through destitution to despair.

Cuban history, however, has been a scandal from the beginning. In Mr. Beals' account, the Spanish-American War is reduced to an even lower level than in Walter Millis's "The Martial Spirit"; it becomes a war of journalists, nourished on hysteria, a nightmare of incompetent leadership, inadequate supplies, senseless waste; a war provoked by this country in spite of the almost abject efforts of Spain to avoid it, and largely fought by Cuban volunteers who won the battles for which the American troops received credit. Mr. Beals, it is evident, has no patience with the usual text-book history. Roosevelt, General Wood, McKinley—the reputations of these heroes are so battered in "The Crime of Cuba" that they are almost unrecognizable. The "liberty" we won for Cuba was the liberty to loot—and that, again according to Mr. Beals, we have done with a thoroughness which shames the best efforts of the Spaniards.

These are a few of the charges, in an abbreviated form, to be found in "The Crime of Cuba." It must be said that the book carries conviction. Mr. Beals names his villains; he gives the dates and the amounts of the loans; he traces the distribution of the money. Responsibility for Cuba's plight is placed upon the government and the bankers of the United States, and the evidence is too powerful to be dismissed. What will be the next development in Cuban politics, if the verdict of this book is accepted? Certainly it seems clear that the revolution has not ended with the overthrow of Machado and the installation of another president. The interest payments on the loans which Machado squandered make the tax burden unbearable, and the people are too desperate to make further sacrifices. By Mr. Beals' analysis, although he does not summarize it in so many words, the future seems to hold new disorders for Cuba, the collapse of governments which attempt to preserve the debt structure, and finally, American intervention to protect the loans. And that, unless economic conditions are improved, may unite the Cuban people in their opposition as they have never been able to unite before.

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Books and Reviews

Muckraking books are appearing in greater numbers and are attracting more attention. "The Crime of

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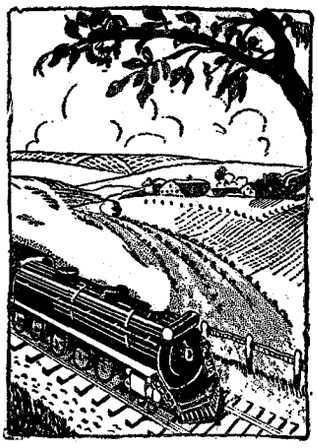
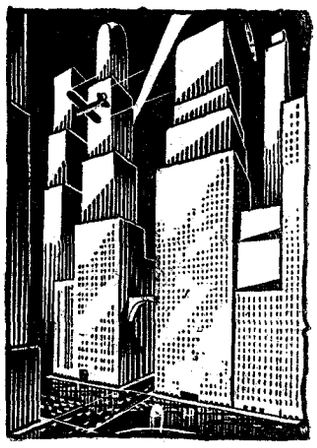


Talk of the Nation



More Figures

ACTION! ACTION! ACTION! This seems to be the principal credo of the swarms of busy bees gathered at this time under the banner of the Democracy at Washington to get the country (or what used to be a country) back on its feet again. The credo, and we admit it's an excellent one for people who like action, seems to be pretty much mixed up with the idea of speed. Someone somewhere in the honeycomb of government buildings gets an idea — it might even be an idea to save the country; buttons are pushed; under-secretaries are summoned and it is more or less tacitly assumed that the answer to the particular problem is to be found before anyone can go home.

Sometimes the answer can't be found in the same building from which the new problem was first spied—nor in all Washington even. Reach for the telephone. The new Administration officials are inveterate telephone users. The N.R.A. directors are the biggest 'phone users—long distance, preferably. In the matter of toll calls they are rapidly approaching the record of motion picture magnates.

Recently a group of the master minds (not in N.R.A., this happened over in Agriculture) decided that there was no use in going on with this recovery thing until it was decided once and for all how much raw material the country was capable of producing and how much the people consumed. The answer to such a staggeringly simple little question, everyone agreed, ought to be a lot of help; but who had the answer?

Someone reached for a telephone and the telephoning went on for a long time. In this new emergency even some letters were written — *special delivery*. The word got around that the boys up in Agriculture were looking for some new figures. After much telephoning and much writing three or four (more) economists arrived in Washington, called upon the heads of the particular bureau in the Department of Agriculture and listened to the needs of the harassed officials. They consulted together, returned and reported that they thought they could find the answer in two years.

Wholesale swooning followed in the ranks of the assembled officials. *Two years!* Why in two years—the economists were persuaded to go at once, nor stand upon the order of their going.

Later, after the effect of the shock in Agriculture had passed somewhat, it was discovered that the much desired figures had long ago been gathered by Robert R. Doane at the request of the Hoover Administration. A basic quantitative study made by Mr. Doane in 1929, and which would only require a short time to bring it up to date, shows the following:

Mineral products:	(*Hundreds dropped*)
Metallic	356,342,335
Non-metallic	2,339,920,706
Forest products	498,611,150
Fisheries	3,286,580
Agricultural	645,603,117
Total	3,843,763,888

Out of this total volume of 3,843 billion pounds of all raw materials produced, the total proportion "saved" during the period of production (the calendar year) over that which was currently consumed during the process approximated 31 per cent. Thus our annual rate of savings in physical terms, as compared with our total monetary savings, was more than double that of the so-called "surplus" monetary income. Also the average production cost was barely one-fifth of a cent per pound for all raw materials.

During this same period our domestic productive capacity (on the basis of single shift for most lines) stood at about 5,000 billion pounds, with our domestic consumption requirements (effective demand) at approximately 3,000 billion pounds.

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Merchandising Coup

Canadian cigarette manufacturers, in their ceaseless, heroic efforts to increase sales, have reverted to the fine old premium, or something-for-nothing game. In every package of ten *Turrets*, for example, there is a little card illustrating a poker hand; two of them in a package of twenty. If your throat holds out, and you succeed in amassing the right quantities and combinations of these handsome engravings, you can win anything from a thumbtack to a radio set.

The latest development is the appearance in tobacconists' windows of placards announcing an extra-special offer. For any six poker hands, there will be given a super-size booklet of fine quality cigarette-papers.

From the first, this struck us as a very mysterious maneuver. Could it be that the *Turret* people, stricken by a wave of vicarious remorse, had decided that their customers were smoking too much? Certainly a great many, if not all, would taper off considerably if they were forced to roll their own. On the other hand, perhaps the manufacturers, with diabolical cleverness, foresaw that after a short struggle the tyro rollers would return to good old tailor-mades with increased enthusiasm. We don't pretend for a moment to have solved this perplexity, but somehow it makes us feel better to write it down and share it with others.

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The Consoler

HERR DOKTOR PROFESSOR HERMANN KANTOROWICZ, whilom (before Hitler)

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lecturer on medieval scholastic law at the University of Freiburg, decided, a few months back, to take a trip to New York. It was the greatest adventure of his three-score years and ten, and especially alarming in that he had done practically no travelling before, that he spoke hardly a word of English and that he was so flighty and nervous he could barely get around the not-very-bustling town of Freiburg, where he had spent half his life.

However, he allowed neither the solicitude of his colleagues nor his own misgivings to dissuade him. He embarked safely—and on the right ship; he disembarked at New York, as per schedule; and he successfully reached the hotel in the East Forties that had been recommended to him.

The next day, fortified by food and sleep after his transatlantic ordeal, and feeling quite cocky about his success thus far, the Professor set out, westward, on an exploring stroll.

Madison Avenue was pretty bad, but he got across finally, intact. Fifth and Sixth were terrifying, but the indomitable little scholar clenched his teeth under his neat white beard and dodged his way through, in a cold sweat. And then he came upon Times Square.

It was too much. On the huge open stretch of asphalt ten thousand cars were racing, swerving, roaring, apparently conforming to no other system than the caprices of ten thousand madmen. Time after time Kantorowicz tried to breast the howling phalanxes and each time he was forced to scurry back to the comparative safety of the curb where he started. At last a great wave of despair and nostalgia swept over the ancient jurist. Completely beaten and humiliated, he stood sobbing unrestrainedly, with tears running down his face.

But suddenly a savior appeared in the person of a traffic cop whose name and shield number are lost to history. The patrolman grasped the Professor's arm in a firm but gentle paw and steered him, without a word, through the suddenly becalmed traffic to a garish-looking shop. Inside there was a long marble bar behind which young men in white uniforms performed mysterious and complicated rites. The rescuing cop went up to the nearest of these attendants, fished in his pocket for a coin, and bought the still tearful Kantorowicz a chocolate ice cream soda. As soon as he saw that his venerable guest was putting his soda to the right use, he grinned with relief, patted him encouragingly, and strode back to his post.

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Avian Edens

THE CAPTAINS OF INDUSTRY have discovered a new hobby—one that is much more restful (even if it is noisier) than trying to corner wheat, peanuts or Congressmen. They are bullish on birds.

Walter P. Chrysler, automobile magnate, decided that there were not enough mallard ducks in circulation, and that those there were circulated too much, so he set about converting part of his Maryland estate into a duck cafeteria.

A large tract of marsh-land on the Choptank River, near the southeastern part of Chesapeake Bay, was made into a fine, clear lake, and the surrounding ground planted with wild rice, wild celery, and other staples of a duck's diet. Before long this spot became a regular over-night, or week-end stopping place, for thousands upon thousands of quacking mallards on their way to wherever it is they go.

The amateur conservationist next set about raising some of his own ducks. He started with 175 brooders, and first thing he knew he had 600. This year he will probably find some 1500 more on his hands, at least temporarily. Part of these he raises are wingtipped so that they have to stay at home, and part are free to go wherever they choose, which is North. But in the fall they are expected back, with more additions to the family.

On the uplands Mr. Chrysler is raising land-birds—ringneck pheasants and quail. He boasts that there are more bob-whites per acre on his estate than anywhere else on the Atlantic seaboard.

A few miles to the north this activity is being duplicated on the John J. Raskob estate, with the difference that here they tend to specialize on black mallards. But Mrs. Raskob, who is the game-enthusiast of the family, has plenty of grey mallards, quail, and pheasants, too.

Still farther up the Bay, on the Bohemia River, R.R.M. Carpenter, a power in the DuPont-DeNemours Corporation, is running a training-table for wild geese. Visitors to the Carpenter estate can see—and hear—the rare spectacle of as many as 5,000 wild geese feeding at once, along with a sizeable sprinkling of wild swans and ducks.

Gastronomically, the greatest treat for a wild goose is young winter wheat. Wheat prices being what they are, this is fine by Mr. Carpenter. The geese (about 10,000 last winter), and other wild fowl also, put away about 4,000 bushels of corn.

We applaud the change from shearing lambs to wing-clipping wild ducks.

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A Congressman at Work

SOME TIME BACK we had occasion to present in these pages an account of how a Congressman *happened to be.* Representative Everett M. Dirksen (R., Illinois 5th District), one of the new members of the *new* Congress, simplified the great American ambition to be a Congressman, saying, "The ambition to sit in Congress is probably similar to the flu—everybody gets it at some time or other; while it had been lurking in my system like some deadly virus, it did not become violent, until 1930." In the course of his own story (after his election—second try) Mr. Dirksen, who left a baking wagon to go there, wrote, "What can a young, inexperienced Republican do in Congress in the midst of a three to one Democratic majority?" Not much, Mr. Dirksen admitted modestly, but went on to remind his readers that Abraham Lincoln once found himself in a similar situation. We decided to keep our eye on Mr. Dirksen.

His first summer in Congress found him in the midst of a boiling controversy—perhaps nor so vital as the slavery question, but, one which is exercising Congressmen, oil men and farmers to no small degree. Since becoming a law-maker, Mr. Dirksen has been supervising road fuel tests in the vicinity of Washington, and this month his scientific investigation will go further afield, extending over the highways between Washington, Columbus, Indianapolis, Danville, Champaign, Bloomington, St. Louis, Des Moines, Peoria and Chicago.

This is no junket, the Congressman hastens to explain, but "An impartial, conclusive, long-distance test" to bring peace and prosperity (maybe for the farmers) out of the long-drawn-out fight between gasoline and alcohol blends over which should be the standard, government approved motor fuel. Later there may be a law about it.

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Phony Weather

NOW THAT THE SEASON of heat and/or humidity is about over, we have finally got around to looking into the air-cooling situation in a mild way.

For first-hand information, we went to the Metropolitan Air-Conditioning Company, a corporation which installs such apparatus in and around New York. Although we expected to find the help bundled up in sensible woolens and drinking hot grog, the place was much like any other office, with the men in wilted shirtsleeves and the stenographers fanning themselves between letters.

The boss, a Mr. Charles, took us into the stock room for a brief disquisition on "Unit Type" air-conditioning. It seems that 1933 is a red-letter year for the stifling world, inasmuch as now, for the first time, you can equip one room, or any number of them you want, with cooling gadgets, without having to tear out the building's innards. With rare fact, we steered clear of the delicate question as to why some of those inert machines lying around hadn't been hooked up right at home; but it is to be assumed that the boys have been too busy elsewhere.

Air-conditioning engineers, after all these centuries of speculation by philosophers and theologians, have determined the optimum living condition. It is, at least in summer, a relative humidity of between 50 and .60 per cent combined with a temperature 8 degrees (Fahrenheit) below that of the external world. They also concur with a theory long held by French and other hygienists; namely, that a draft is, *per se,* dangerous and downright bad. The latest equipment causes no drafts.

Then our mentor began to explain the mechanism of his little beauties in detail. It was very interesting, but after a few moments of solenoid valves, fins, baffles, grilles and convection currents we became a little dizzy, what with the heat and all, and we didn't get it any too straight.

Mr. Charles suggested that we adjourn to his private office, where we could sit down and talk more comfortably. It is a fine, big office, high up, on the corner of the building looking out over the East River. With the four windows open there was a good cross-draft (though papers on the desk had to be anchored pretty heavily with telephone books and complimentary paper-weights), and we were able to finish our talk very comfortably indeed.

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The Thunderbird— We Do Our Part

PERHAPS IT WAS because of the natural confusion in Washington, or maybe it's the sudden decision just to get up and pack and leave the Depression which is responsible. Such action always leads to confusion and mistakes. Anyway, the fact is we aren't as a people following the blue eagle at all. We are reliably informed that it's a thunderbird—an ancient American Indian emblem long used by the Navajo and the Pueblo Indians, a symbol of fair weather conditions, good times. Anyway, it's 100 per cent American and seems to mean the right thing.

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'Sweet Land of Lunacy'

To the Editor of the NEW OUTLOOK.

Sir:

In your August number Mr. Angly writes with a free and easy assurance when he describes what rising prices do to the value of savings accounts, insurance policies and bond interest.

Savings take other forms also. Some have their savings in equities, in mortgages, etc. What did the depression do to them?

Cash in savings bank balances and the interest derived from them have greatly increased in purchasing power through the depressed values of farmers' and other producers' products to the unprecedented distress of the latter. Is it unreasonable to reestablish the original status of these savings accounts in relation to purchasing power?

Now I happen to come under all these classes which Mr. Angly describes as sufferers from what he calls inflation. And I am happy over the New Deal and all for it. I am the last one to want the widow's mite the same as Mr. Angly is, I am sure, and since the farmer is one of the most honest men among us, I should never harbor the thought that he is after the widow's savings. Moreover, I am sure the widows have no designs on the farmer's savings either. What profits all of us most is a square deal for everybody.

The widow—and I, have both profited by the Depression in respect to the enhanced purchasing power of our savings and the income derived from them. But such profit is blood money taken out of producers everywhere and carried with it its own retribution in the form of reduced income which resulted from our vanished prosperity, bringing in its wake distress, bankruptcy and unemployment far and wide.

No one can profit with benefit to the country at large from the poverty of others. No country can endure half prosperous and half bankrupt for the bankrupt will pull down the prosperous with him every time. It is no injustice to the widow—or me, to reestablish our savings bank accounts on their former status by a stabilization of the riotous influences which have engulfed us all. By that process too, savings banks will be able to resume their previous higher interest rate on the widow's deposits. There is no need for us to go the way Germany did with her currency. France did not, and Great Britain did much better than France. Maybe we shall be able to do even better than Great Britain did, having their experience before us.

At any rate, I am sure we shall not invite suspicion on the honesty of our purpose by selling abroad cargoes of printed money as Germany did, which causes some doubt of the value of Germany's experience as a precedent.

Mr. Angly may not have intended to draw a red herring over the trail of our national recovery but had such been his purpose I should say his article would have served such a purpose admirably. At any rate, his argument seems to me irrelevant. He attacks the shadow and not the substance. He supports the Hoover doctrine, of which I, "up to now," meaning recently, as a former life-long Republican prior to the last Presidential election, had had enough, just as a few others evidenced that they had.

Since I am writing a letter and not contributing an article to your excellent magazine, which I read religiously, I cannot say much that I should like to. But I will venture to say just this much, that uncontrolled competition under the compulsion of the disastrous, medieval, suicidal Sherman Act, which was long hailed as the life of trade proved as long ago as I can remember (and I am retired from active business and have no personal

(*Continued on page* 59)

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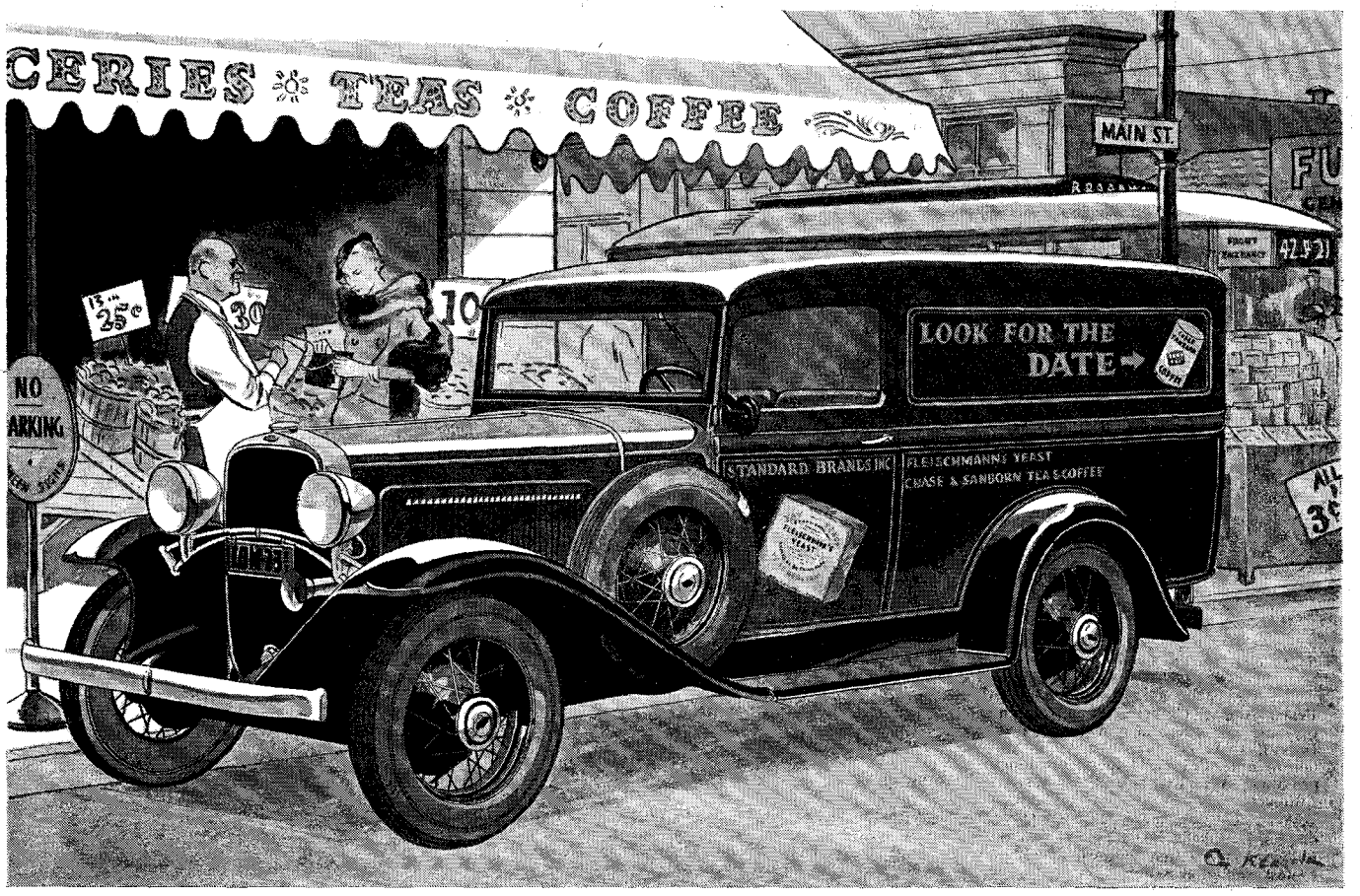

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Books

(*Continued from page* 53)

Cuba" is perhaps the most outstanding example of the month, with "Mellon's Million," by Harvey O'Connor (John Day) the next most conspicuous. Mr. O'Connors's biography is less angry than Mr. Beals' history, but it is no less convincing; the sheer dimensions of the Mellon fortune stagger the imagination, and there are a good many dark spaces in the story that Mr. O'Connor illuminates. "The perfect trust," is Mr. O'Connors's name for Mellon's aluminum company, but the monopoly is only a fragment of the holdings. Oil, steel, transportation—there is no end to the riches Mr. O'Connor so patiently weighs. The political career of Mellon provides a note of wry humor in what is otherwise little more than a painstaking accumulation of facts.

Perhaps because the native scene is being written of in a monotonously critical spirit, the reviewers have welcomed a nostalgic account of life in a far place—"Twenty Years A-Growing," by Maurice O'Sullivan, an autobiography which paints peasant life in colors that are no less than enchanting. The Blasket Island off the coast of Ireland was O'Sullivan's home. The book is excellent reading, but occasional hints of troubles which are not discussed give it a curious unreality—at times it seems as much a distortion as an idyllic picture of life on the lower East Side of New York would be.

Paul Morand also contributes a travel book in his familiar, brittle style—"Indian Air" (Houghton Mifflin), covering the continent of South America in somewhat more than two hundred pages. It seems to support the theory that the rising demand for travel books is a result of the impulse to escape from our own dilemmas, rather than a desire for information, for M. Morand's observations seem thoroughly irresponsible; he darts over South America like a hummingbird, pausing over this or that picturesque flower.

In biography, the outstanding effort of the month is E. F. Benson's "King Edward VII" (Longmans Green), a competent and satisfying, if not exciting piece of work, particularly good in its pictures of the stuffy social life at the tag-end of the Victorian era. The scandals of the Prince have a dated air

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now, and the fuss they caused seems a little incredible. The fiction, too, comes from England, except for a fine German novel, "The Livingstones," by Derrick Leon (John Day) and "Original Design" by Eardley Beswick (Minton Balch) are social novels concerned with contemporary English life, primarily important for what they show of the development of the young English writers—both are first novels. The German importation is "The Kaiser Goes, the Generals Remain," by Theodore Plivier (Macmillan), a hectic story of the German revolution, clarifying the few eventful days before the Social Democrats took power more successfully than any straight historical account that I have seen.

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Talk of the Nation

(*Continued from page* 56)

axe to grind) that the only trade to which it contributed life was the undertaker's trade.

Now we are going into the age of coöperation but that must not be uncontrollable either. A ship out of control is soon a wreck. Until production is controlled in proportion to consumption we are due to have chaos

The fault of industry, farmers and everyone else has been to promote production with no thought of promoting consumption, the field for which is infinite all about us, when we develop potential purchasing power of our public.

As we face this change of front we shall perceive a "new outlook" altogether. As we help the other fellow to be prosperous in order that he may consume our increased output from our increased productive power promoted by the war and by inventions in machinery, some of us shall be surprised —though I shall not—to find that the other fellow's prosperity spells prosperity for the rest of us. So maybe we shall see that it really pays after all to be our brother's keeper and think of his interests in order to serve our own.

I do not take space to venture on the subject of gold and its controlling influence on our fate. Enough to say that we were headed downhill at a paralyzing pace when Mr. Roosevelt assumed the Presidency. We were confronted with the choice of continuing downhill, or climbing back again. I am for climbing.

It does not follow at all that climbing necessarily involves going over a precipice even with the abandonment of the gold standard. Great Britain has been off gold about one-third of the time since 1776 and is still going strong.

Faithfully yours,

Robert J. Caldwell, Lake Placid Club, Essex County, N. Y.

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Travel

(*Continued from page* 4)

had seen it many times in the moonlight. . . . These are the only conditions under which one should visit Stratford-on-Avon.

Thence back to the Shakespeare Hotel, a delight in itself, though half-spoiled by the lack-wit and ingenuity of the showman inn-keeper who became too stagey in his high-pressure salesmanship. For all the rooms are labeled: "Midsummer Night's Dream" Room. And a heavy humor applied to each guest. And a superfluity of Shakespearean gew-gews dressing up the whole place like Lady Astor's horse. Nothing left to the imagination! . . .

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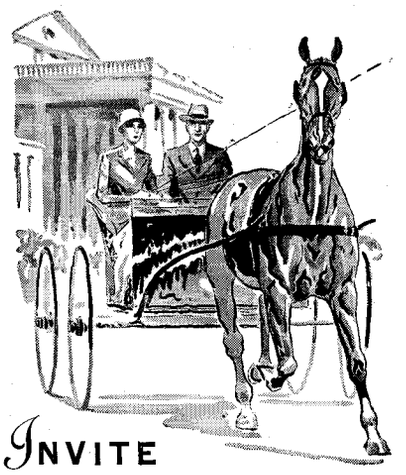

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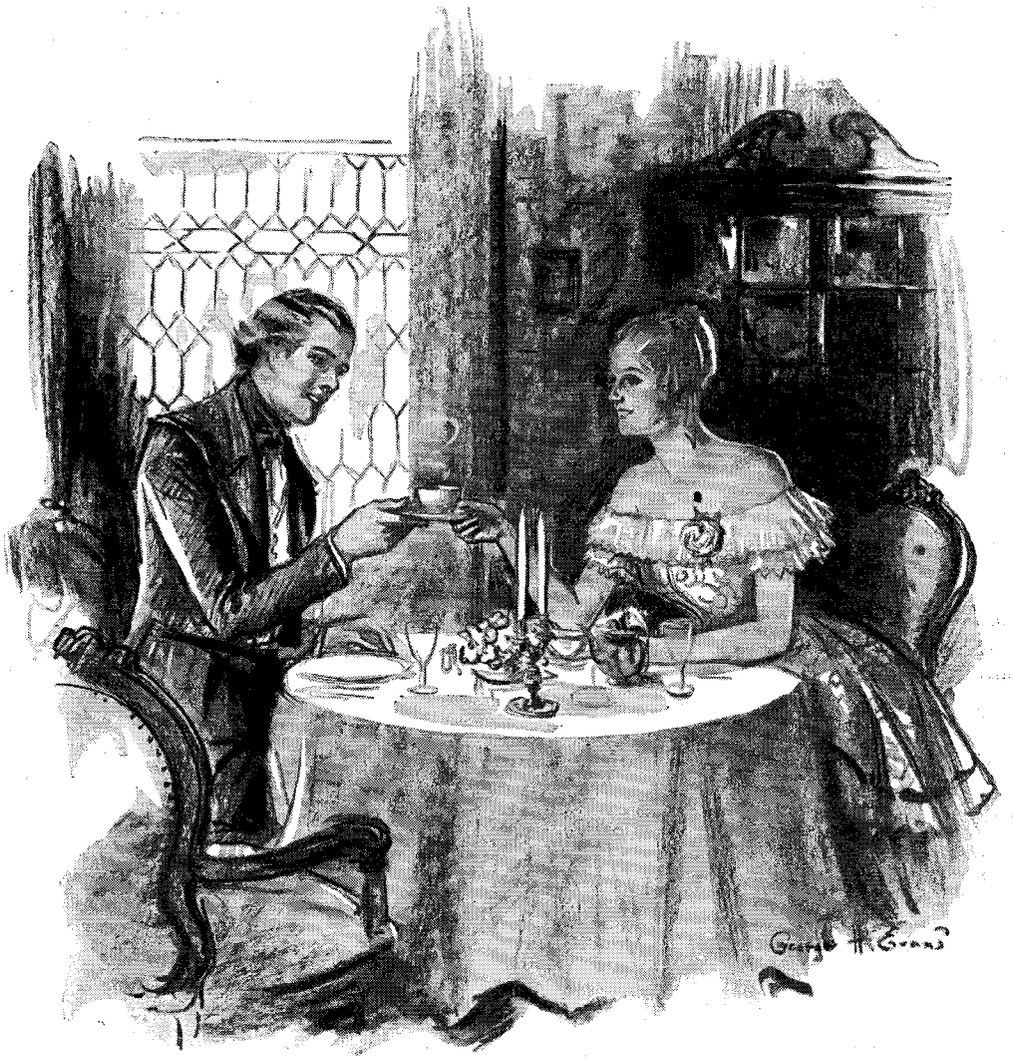

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Occupations—Today and Tomorrow

By Berta Crone

UNFAIR METHODS OF competition exist, as we probably all know, in the professions and semi-professions. It seems necessary to call attention to this fact at this time, for, as a rule, in any general discussion of competitive practices, the critic is apt to imply that "cut-throat" methods are peculiar only to commerce and industry. But the truth is that they are part and parcel of competition in all spheres except when the mode of competition can be standardized and regulated. Although the National Recovery Act is intended primarily to apply to commerce and industry, many of the professions are so intimately related to the activities in these divisions as to be able to take advantage of its provisions.

Recognizing the opportunity offered by the National Recovery Act, The American Institute of Architects has filed a code of fair competition. "The Institute has been working for years to correct certain practices in our profession," declared Mr. Frederick Mathesius Jr., of New York, a member of the Institute's Code Committee; "and now through the instrumentality of the National Recovery Act, if the Institute's Code is approved, we hope to eliminate the most glaring of these unfair methods."

Among these we may mention the practice of inviting architects to submit plans for buildings, although some architect's plan had already been found acceptable and perhaps even been approved. Some may wonder why anyone should do anything so absurd. Those who know say that it is a cheap way to get more ideas by which the tentatively accepted plans may be improved. In the case of public buildings (paid for with the taxpayers' money) the invitation for plans is intended to create the impression that competition is free and open, and the choice of design will be determined by merit. When it is considered that the planning of a building—house, office, or public service building — involves thought, time and expense, it will be seen that this is extremely unfair. And this is only one of the practices which professional architects hope to eradicate by the adoption of a code. In common with other professions, architects have suffered from the economic depression. Cessation of building activities has forced some of them out of the profession; others have had to seek unemployment relief. Lack of work has thus created a surplus of architects especially in those parts of the country where their services are most frequently required and most highly valued.

As a corrective of this condition the schools of architecture are already adopting programs designed to limit the number of men and women who may elect this profession. Courses are being altered and standards of admission raised so as to limit the number of students who can qualify. The Harvard School of Architecture has announced changes in its courses and the addition of new courses in anticipation of the changed and changing demands upon the architect. A course in City Planning has been added this year by the School of Architecture of the Massachusetts Institute of Technology. Since so many communities in the United States show the need of better designed houses and community buildings, it is to be hoped that some of these unoccupied fields will be opened to the architect. Instead of trying to create a demand for building materials, why not accomplish a two-fold purpose by creating a demand for beauty in design and execution in houses and public buildings? Let us hope that the promised leisure and more equitable distribution of wealth, if they are achieved, will foster a desire for towns and cities more pleasing to the eye. If that happens architects will not lack work.

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the Association of Public Accountants, was chartered in 1887 by thirty-one members. In 1916 the passage of the income tax laws created new occupational opportunities for public accountants. Thus gaining professional impetus, the members of the association organized their present Institute in May, 1916. The Institute now owns and occupies an entire building in New York City, where it houses a well-stocked and excellent library and maintains a bureau of information, which functions as a research bureau, for a membership scattered through the various states.

Mr. John Carey, Secretary of the American Institute of Accountants, recently called our attention to the heavy demands now being made by governmental and business organizations upon professional public accountants. Since the codes of fair competition provide that each organization must furnish regularly certified reports on production, stock, etc., and these reports have to be prepared by certified public accountants, it would seem that public accountants will again benefit by governmental edicts. The American Institute of Accountants is not preparing a code of fair competition for the accountancy profession, but we are told on good authority that another group of accountants, a new group, called the New York Society of Certified Public Accountants, is working on such a code. The accountancy profession having worked on financial statements and income tax reports are better acquainted, perhaps more than any other profession except lawyers and nerve specialists, with the results of the unfair practices prevailing in our competitive system.

We were interested to read in an article on "Fascism and The Socialist Failure" by G. D. H. Cole, the English economist, which appeared in a recent number of "Current History," that "industrial workers are, in the more advanced modern societies, a shrinking fraction of the population, while clerks, the distributors, and those who render various forms of service increase greatly in relative numbers with every technical and social development. . . ." If what Mr. Cole asserts is statistically true, and we assume it is, it only confirms our belief that all types of brain workers, who are not employers, will be obliged to organize for the study, the protection and the development of their professional interests.

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